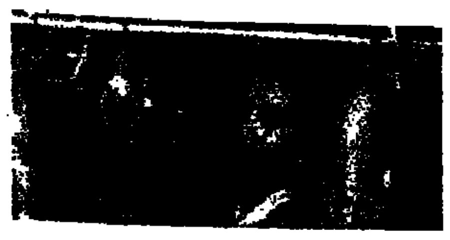
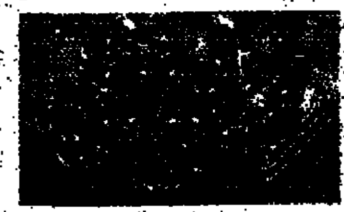
FINANCIAL TIMES



China
Doors open for foreign stores
Page 15

Education
Grandes écoles in entente cordiale
Management, Page 12

Flotations
Sinking feeling on sell-offs
Page 17



TOMORROW'S **Weekend FT**
Oiling an island economy

World Business Newspaper — FRIDAY DECEMBER 8 1995

Court dismisses $185m asbestos suit against T&N

British engineering group, T&N, won a landmark law suit in the US, ending a bitter eight–year battle with Chase Manhattan Bank and signalling a potential end of its legacy as Britain's largest asbestos producer. A New York jury dismissed a $185m damages claim by Chase over alleged asbestos contaminations of its Wall Street headquarters.

UK freezes Raul Salinas account: British police have frozen a $22.7m bank account held in the London branch of Citibank on behalf of the brother of Mexico's former president Carlos Salinas, as part of an international drug trafficking and money laundering investigation. Page 16

Merck, the German pharmaceuticals and specialist chemicals company, cuts its sales forecasts less than two months after raising DM2.5bn ($1.7bn) in a flotation of 25 per cent of its shares. Page 17; Lex, Page 16

Coca-Cola in Swedish row: Talks between Coca-Cola and Swedish soft drinks producer Pripps aimed at patching up a row over production and distribution broke down, raising the prospect of a bitter struggle for market share. Page 18

Bosnia peace focus on London

For the third time since the start of the Bosnia conflict, London is hosting talks aimed at shaping the region's future. In today's Financial Times, Carl Bildt *(left), the European* Union's peace negotiator in the former Yugoslavia, spells out his belief that this latest conference must seek far more than a military partition of the country. Page 14; Dispute on Bosnia plan, Page 2

EU unemployment at 10.6%: The European Union's seasonally adjusted unemployment in October stood at 10.6 per cent, unchanged from September, against 11.0 per cent a year earlier, the EU's statistical office said. Page 2

Lukoil share bought for $35m: A Russian consortium won control of a 5 per cent state shareholding in Lukoil, the country's biggest commercial oil company, after bidding $35.1m in a privatisation auction. Page 16 and Lex

Belgacom offers to top $2.5bn: Offers for a 49.9 per cent stake in Belgacom, the Belgian operator, are expected to amount to at least BFr80bn ($2.69bn) when they are handed to the government after today's deadline. Page 19

OECD warns of Japanese recession: Japan was warned by the OECD that its fragile recovery could turn into a new recession unless it maintains an easy monetary policy and speeds deregulation. Meanwhile, its current account surplus halved to $4.3bn in the year to October. Page 6

Brighter outlook for Europe's weather: The European Centre for Medium–Range Weather Forecasts, based in the UK is to spend £25m ($38m) over the next five years on a supercomputer from Fujitsu, Japan's leading computer manufacturer, which will be 25 times faster than the centre's existing computers. Page 9; Forecast, Page 16

Prosecutor wants Romiti: Turin's public prosecutor asked for Fiat managing director Cesare Romiti to be sent for trial for allegedly altering the car company's accounts to conceal a big overseas slush fund.

GM plans Russian venture: General Motors is to become the first US vehicle manufacturer to set up a major joint car venture in the Russian Federation since the collapse of the Soviet Union. Page 7

Iraqi explosion kills 10: At least 10 people, including two United Nations guards, were killed and 30 injured when a fuel tanker exploded in Shaqlawa, northern Iraq.

Russian plane search fails: Russian searchers failed to find a plane that went missing on a flight *from Sakhalin Island to the Russian Far East main*land with nearly 100 people aboard and held out little hope of finding survivors.

Jackson stable after collapse: Singer Michael Jackson, 37, was reported to be in a stable condition the intensive care unit of a New York hospital after collapsing with "dangerously low" blood pressure and dehydration, during a rehearsal for a cable television concert.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,159.75	(-29.38)
NASDAQ Composite	1,049.74	(-11.93)
Europe and Far East		
CAC40	1,846.80	(+12.05)
DAX	2,253.11	(-4.07)
FT-SE 100	3,639.5	(-23.3)
Nikkei	19,412.32	(+344.26)

US LUNCHTIME RATES

Federal Funds	5⅞%
3-mth Treas Bills: Yld	5.482%
Long Bond	111⅞
Yield	6.064%

OTHER RATES

UK: 3-mo Interbank	6⅝%	(Same)
UK: 10 yr Gilt	107⅞	(107⅞)
France: 10 yr OAT	106.3	(106.61)
Germany: 10 yr Bund	102.81	(103.29)
Japan: 10 yr JGB	114.239	(113.715)

NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$17.60	(17.60)

GOLD

New York: Comex		
(Feb)	$390.5	(390.3)
London:		
close	$388.7	(389.4)

DOLLAR

New York lunchtime		
£	1.534	
DM	1.44175	
FFr	4.9895	
SFr	1.168	
Y	101.355	
London:		
£	1.5378	(1.5403)
DM	1.4416	(1.4432)
FFr	4.9699	(4.9702)
SFr	1.1682	(1.1698)
Y	101.185	(101.44)

STERLING

DM	2.2168	(2.2229)
Tokyo close	Y 101.405	

Austria	Sch35	Greece	Dr450	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$20	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft215	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lev110.00	Iceland	IKr220	Nigeria	Naira60	Slovak Rp	Sk60
Cyprus	C£1.10	India	Rs75	Norway	NKr16.00	S. Africa	R12.00
Czech Rp	Kc55	Israel	Shk7.00	Oman	OR1.50	Spain	Pta250
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Peso60	Switz	SFr3.60
Estonia	Ekr 20	Jordan	JD1.50	Poland	Zl 4.20	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (mainland)	Es230	Tunisia	Din1.500
France	FFr11.00	Lebanon	$S1.50			Turkey	L60,000
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00

Franco-German summit warning on EU reform

By Peter Norman and David Buchan in Baden-Baden

Germany and France yesterday warned that they would not tolerate member states vetoing further integration of the European Union.

At a summit meeting in the German spa town of Baden-Baden, Mr Helmut Kohl, the German chancellor, and Mr Jacques Chirac, the French president, put a common European foreign and security policy at the centre of their goals for next year's planned intergovernmental conference on reform of the EU.

They also agreed to seek a fundamental improvement in co-operation over internal and justice policies; an increase in the efficiency and effectiveness of EU institutions, and greater democracy in the way Europe is run.

Among bilateral agreements, they agreed to develop a new reconnaissance satellite, Helios 2, to give them an independent strategic surveillance capacity. They also agreed a joint arms development and procurement agency from the beginning of next year.

In a letter to Mr Felipe González, the Spanish prime minister and current EU president, the two leaders said they wanted to "extend the application of qualified majority voting" in regular EU decision making, "accompanied by a revision of the weighting of votes" of governments in the council of ministers. This marks the wish of France and Germany to have voting power that reflects their economic and demographic strength in Europe.

In a move likely to unsettle smaller EU nations, the letter also called for a review of the present system in which each EU member state has at least one commissioner in Brussels. This would prepare for the expansion of the EU to include nations such as Malta and Cyprus and the countries of eastern and central Europe.

Chancellor Kohl and Mr Chirac said they wanted the EU to pursue "a more visible and determined" foreign and security policy, against a background of widespread hand-wringing about Europe's failure to act more incisively in former Yugoslavia.

The letter clearly signalled that Germany and France do not want the general rule of unanimity in EU foreign policy decisions to become a recipe for deadlock, as occurred for a time when Greece blocked EU recognition of Macedonia. In a reference that could also be seen as a warning to the UK, they said they wanted "all member states to be able to participate in the same degree in progress towards the construction of Europe. But the temporary difficulties of one of the partners in following the march

Chancellor Helmut Kohl, left, and President Jacques Chirac toast each other yesterday Picture: Reuters

Continued on Page 16
Santer warns on Emu, Page 3

Clinton offers Congress new plan for budget

By Jurek Martin in Washington

The Clinton administration yesterday sent Congress its own plan to balance the federal budget within seven years, the latest gambit in the protracted political battle with the Republican leadership on Capitol Hill.

However, some of the conditions in the administration's offer mean it is unlikely to be acceptable to Congress.

Senior administration officials were also ready to offer Congress an interim solution that would avoid a second partial government shutdown late next week and a breach of the federal debt ceiling by the end of the year.

President Bill Clinton's team of negotiators, led by Mr Leon Panetta, White House chief of staff, was to brief Congress later yesterday on the new budget blueprint, coupling it with the proposal that the government be funded and the $4,900bn debt ceiling be extended until "about January 26", said a senior official.

The administration offer includes an increase in the $4.25 an hour federal minimum wage and the granting to the president of the line item veto voted by Congress earlier this year but never sent to the White House for Mr Clinton's signature. These conditions probably make the offer unacceptable to Congress.

The revised budget, according to the official, would succeed in reaching balance by 2002 without cutting "an extra dime" from social programmes such as Medicare and Medicaid. Instead it would reduce other "discretionary spending" by $50bn-$60bn over seven years, save about $45bn in welfare spending and $32bn in benefit payments to reflect lower inflation and further tighten corporate tax loopholes.

In effect, the administration has compressed the 10-year balanced budget path it outlined earlier this year to meet the requirements of balance in seven years. Differences between this version and the Republican bill which Mr Clinton vetoed on Wednesday remain large.

The administration, as some thought, has not reduced the size of its $98bn proposed cut in taxes, much smaller than the $245bn demanded by the Republicans.

Canadian deficit pledge ....Page 8

But the closing of corporate tax concessions, now estimated to be worth $28bn if enacted, reduced the net income tax cut to about $70bn, the officials claimed. But it reinstates tax breaks for the working poor which the Republicans wish to reduce.

An additional $32bn in budgetary savings would be achieved by the reduced inflationary expectations confirmed in the latest Bureau of Labour Statistics survey. The federal budget deficit is running at about $160bn a year.

The administration said it was offering its own economic projections because the Congressional Budget Office, the preferred vehicle of the Republican leadership, would not now be updating its own forecasts until next week.

Microsoft links with rivals to secure Internet role

Co-operative deals signed with Sun Microsystems and Oracle

By Louise Kehoe and Paul Taylor in Seattle

Microsoft, the world's largest *software company, yesterday* announced a series of alliances with key rivals in a push to take a central role in developing the Internet.

The co-operative deals, with companies that include US groups Sun Microsystems and Oracle, position Microsoft to capitalise on the rapid growth of the Internet, whose revenues will total an estimated $1bn this year, and are expected to grow to $10bn-$20bn by the end of the decade. Under the deal, the companies will cross-license technology to deliver scripting and programming features in their software products for the Internet, a worldwide computer-based information exchange.

The moves are a direct chal*lenge to Netscape Communica*tions, which holds an estimated 80 per cent share of the market for Internet "browser" software.

Microsoft's Internet strategy and a new warning about high stock prices caused shares in Internet-related companies to give up some of their sharp gains over the past two weeks and led to a 3 per cent loss yesterday in the American Stock Exchange Internet index.

Since November 22, Netscape, which was floated in August for $28 a share, has soared to $171, while its closest competitor, Spyglass has added $31, bringing its shares to $114½.

Bill Gates , Microsoft chairman, said yesterday that his company was "hard core" about *the Internet. "It is pervasive in* everything we are doing," he said, as he unveiled the alliances.

Surprising computer industry analysts, Microsoft said it would license "Java", a new programming language from Sun Microsystems that enables multimedia application programs to run on all types of computers, via the Internet.

Mr Gates and Mr Larry Ellison, chairman of Oracle, have engaged in a heated public debate over the future of personal computing and the Internet, with Mr Ellision predicting the demise of the personal computer. Nonetheless, yesterday the two companies said they would collaborate on Internet technol*ogy through the cross-licensing* agreement.

Mr Gates also announced plans to incorporate Internet access features into all Microsoft's mainstream PC products, including Windows 95, Windows NT and Office, the top selling set of business applications. PC users would be able to access information on the Internet as easily as *if it were stored on their own* computers, he said.

Critics have charged that Microsoft has lagged behind smaller competitors such as Netscape in developing Internet software.

Demonstrating a new willingness to adopt technology developed outside its Redmond, Washington, headquarters, Microsoft also announced yesterday that Spyglass, a Netscape competitor, would adapt its widely used Mosaic Internet browser to work *more closely with Microsoft* products.

Mr Gates also announced that the Microsoft Network, an online service launched in August, would become a "community" on the Internet, analogous to a television channel, providing users with subscriptions to selected information resources provided by third parties.

Wheat prices hit 15-year high as EU imposes tax on exports

By Deborah Hargreaves in London

The European Union imposed a tax on wheat exports for the first time since 1974 yesterday as world stocks were set to sink to a 20-year low and wheat futures prices in Chicago hit their highest point for 15 years.

The tax of Ecu25 ($32) per tonne on exports from the EU has angered French farmers. It contrasts starkly with the European Commission's recent policy of in effect paying farmers to export outside the EU.

Futures prices at the Chicago Board of Trade soared on the news of the tax and signs that Russia had returned to the market as a big buyer. The December futures contract hit a 15-year-high of $5.22 a bushel, up 13 cents before slipping back to $5.17 a bushel in late trading. There are 36.7 bushels in a metric tonne.

World market prices have risen by 70 per cent since April as drought in the main grain exporting countries such as North America, Australia and South Africa has depressed supplies. The International Grains Council estimates that stocks of wheat will slip to 90m tonnes next year – the lowest since the mid-1970s.

The commission has been trying to dampen exports for several months. "There is no current shortage on the EU market, but it would be very easy for 5m tonnes to flow out and then we would have a problem," an agricultural official in Brussels said.

In spite of efforts to rein back exports, shipments have been running higher than in previous years. The EU exported 7.6m tonnes of wheat from July 1 to December 1, compared with 7m tonnes last year.

Mr Franz Fischler, EU agriculture commissioner, said the EU would still produce 52m tonnes more grain than it consumes in the current marketing year which runs until the middle of next year. But an official said producers and traders are holding much of their stocks in anticipation of further price increases.

French farmers are furious with the Commission for seeking to limit exports. But Mr Fischler said: "I find this extraordinary, given that many of these same traders have been knocking on the Commission's door for the past 25 years urging the Commission to increase export refunds." Refunds have been made in the past to compensate farmers when world market prices fell below internal EU prices.

Britain's National Farmers' Union said: "The Commission should make sure that legitimate exports don't exacerbate the tightness in the internal market." Pig and poultry producers which have to buy grain at the current higher prices estimate it is increasing their costs by an additional £50m ($79m) a year. The Commission said its tax would not stop exports altogether, but would discourage them.

Commodities, Page 31

CONTENTS

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO

EU partly liberalises airport services

By Caroline Southey in Brussels

EU transport ministers yesterday agreed to phase out airports' monopolies on baggage handling, catering and fuelling at all but the smallest EU airports.

The deal was reached after tough bargaining with Germany and France and falls short of the European airline industry's demands for total liberalisation of ground handling services. Germany and Austria voted against the deal.

France and Germany won concessions on the cut-off date for ending control of airport services by monopolies and duopolies – monopolies will have to be phased out by 1999 but airports will be allowed to apply for two-year derogations. Airports have been given until 2001 to phase out duopolies, but can then apply for two-year extensions.

The deal was immediately attacked by the EU airline industry as a weak and insufficient package. "We are very disappointed. It appears the Commission is working against its own liberalising objectives," the Association of European Airlines said.

The AEA said the package failed to address the fundamental objective of ground handling deregulation which was "to have handling costs under the airlines' control".

A Commission official said the deal did not go as far as it would have liked. "But the alternative would either have been fragmentation of the industry or a total watering down of the proposals. We think the phased in approach is good and gives the industry time to adjust."

Under the package, such services as ticketing, checking in of baggage, passenger reception and registration, will have to be liberalised in all airports by January 1998. Deregulation of tarmac services, such as freight and mail handling, fuelling, catering and baggage handling on ramps will be liberalised by 1998 but only at airports carrying over 1m passengers a year – about the level at Salzburg, Pisa and Berlin Tempelhof.

Third-party operators, defined as those independent of the airport authority and the dominant carrier, will have to be let in by 1999 for all services but only at airports with passengers of more than 3m a year – about the level handled by Edinburgh, Ankara, and Ibiza. By 2001, the threshold will be brought down to 2m.

The plan for the phasing out of duopolies was heavily influenced by French concern about changing the system at Orly airport where two operators – one controlled by the airport authority and the other by Air France – run all services.

Germany argued monopolies should be given derogations under certain circumstances as it was concerned about the effect liberalisation would have on Frankfurt airport, where all services are run by the airport authority.

Juppé presses ahead as more join French strike

By Andrew Jack in Paris

Nearly one third of French public sector workers went on strike yesterday, the latest day of industrial action sparked by fears over the government's planned reforms to the country's social security system.

There were demonstrations in cities including Paris, as airline staff, civil servants and employees at the Bank of France joined railway workers, public transport employees and students on strike following nearly two weeks of growing calls for the government to change tack.

Mr Alain Juppé, the prime minister, maintained his resolve to press ahead with reform but also tried to calm relations with the unions by sending letters regretting any previous breakdown in communication.

His determination to proceed with reforms seemed to be reflected in the decision of the politically-independent monetary policy council of the Bank of France yesterday to cut one of its key rates – the repurchase agreements tenders rate – by 10 basis points to 4.70 per cent.

However, a new opinion poll published yesterday suggested that the majority of the French support the strikers rather than the government.

The poll of 841 people conducted by Ipsos for France 2 television and Le Point magazine showed that 58 per cent disagreed with Mr Juppé's decision to press ahead with social security reform and 62 per cent had found him unconvincing in expressions of willingness to negotiate with the unions.

The strikes were largely triggered by social security reforms mooted by Mr Juppé in November, but have also brought in a growing number of more general grievances and specific plans for the reforms of a number of state-controlled institutions.

Mr Marc Blondel, leader of Force Ouvrière, one of the leading unions urging growing strike action, appeared to broaden the concerns of strikers by suggesting on French radio yesterday that wage increases also needed to be discussed. He indicated that he was ready to negotiate with the government, as long as it was with Mr Juppé himself.

The French government is taking steps to stimulate the office market by clamping down on new developments and encouraging use of empty space, writes Andrew Jack. It is planning to amend administrative and tax procedures which offer incentives to property developers to build new offices. It will also instruct public sector offices and state-controlled organisations to give priority to using existing property rather than moving to new sites.

According to Mr Jean Arthuis, finance and economics minister, the state will offer new loans at 6.5 per cent to encourage the conversion of offices into housing.

Air France strikers confront riot police at Orly airport yesterday Reuter

● Federal Express, the world's largest express parcels group, yesterday moved its main European distribution centre from Paris Charles de Gaulle airport to Stansted near London because of the French strikes, writes Charles Batchelor.

The company said the move was temporary from last night and it would review the situation again today it will transfer about 25 of its 300 Paris-based managers and staff and some ground handling equipment.

Mr Thomas O'Hearn, vice president for northern Europe, said the company was concerned that delays in Paris would mean that it could not make connections with aircraft leaving its main US hub in Memphis, Tennessee. Overnight deliveries between Europe and the US represent Fedex's main business.

Chernomyrdin's vehicle runs into the sand

PM's party had high-profile backing at its launch but it has not cut much ice with the public, write **John Thornhill and Chrystia Freeland**

RUSSIAN ELECTIONS December 17

When Mr Victor Chernomyrdin, Russia's prime minister, launched his Our Home is Russia movement to contest parliamentary elections this month, many believed it would win overwhelming support in a country tired of radical experiments and aching for stability.

At the party's founding congress in a nightclub more used to staging erotic floor shows than theoretical debates, Mr Chernomyrdin made a bold attempt to seize the centre ground of Russian politics. The grey technocrat, who had previously eschewed "political intrigues", projected himself as the reassuring candidate of responsible government. His message has remained unchanged.

In an interview with a Russian magazine this week, he said Russia had to reject radicalism from left and right. "The government can no longer afford to make mistakes. Any ill-considered move can lead to catastrophic consequences," he said.

At the time of the launch political observers believed that what the normally tongue-tied prime minister lacked in charisma would be more than made up for by organisational and financial muscle. The great and the good of Russia's new establishment, including regional governors, government ministers, cultural leaders, and prominent bankers, all trooped out at the founding congress to pledge moral and financial support.

It seems, however, that the impressive cast list of backers has failed to generate much support among the general public. Opinion polls suggest Our Home is Russia will win little more than 5-6 per cent of the votes, just enough to win a share of the 225 seats allocated by proportional representation in Russia's 450-strong parliament.

In St Petersburg, Mr Anatoly Sobchak, the city's long serving mayor, who attended the party's founding congress, said: "The most positive programme for the continuation of economic reform is represented by Our Home is Russia." But he appears to have done little to drum up votes.

In the Primorsky region in the far east, Mr Anatoly Zabalotinkov, Our Home is Russia's local campaign manager, said the movement had not raised any money locally and did not even have an office. Mr Yevgeny Nazdratenko, the local governor who nominally heads the party's regional branch, was not even openly identifying himself with Mr Chernomyrdin, he said.

"If Nazdratenko were to name himself head of Our Home is Russia he would lose votes in the simultaneous gubernatorial elections. People do not want to hear the name Chernomyrdin."

According to Mr Vladimir Musarsky, chairman of the state property fund in Nakhodka, the biggest port in the far east, local leaders who had expressed support for Our Home is Russia as government officials had done nothing to campaign for the movement. "They must have nodded their heads in Moscow but forgotten all about it by the time they came home," he said.

Such is the alarm among a group of prominent businessmen at the party's failure to gather momentum and the resurgence of extreme communists and nationalists that they have been pressing openly for the elections to be postponed.

Our Home is Russia has become the party that all others love to hate. Every party has concentrated its political fire on the government and its political offshoot. And Mr Chernomyrdin has struggled to square his position of being both a party leader who claims to be unhappy with the current state of the country with being head of the government responsible for it.

Mr Yegor Gaidar, the former prime minister who headed the pro-government Russia's Choice party which expected to sweep the 1993 elections but failed, said Our Home is Russia would be handicapped by its association with the current authorities and its failure to engage the people with a popular campaign. "They are repeating all the mistakes we made," he said.

Even so, Mr Dmitry Volkov, political editor of the liberal Sevodnya newspaper, suggested the party was likely to do far better than polls suggest. Our Home is Russia should gain far more seats, he said, in the 225 single-mandate constituencies where voters would be inclined to choose a responsible representative rather than simply exercise a protest vote.

Our Home is Russia can also attempt to take its political message over the heads of any regional party organisation directly to the people. In the big cities, Mr Chernomyrdin's sombre features stare down from countless billboards and the party's advertisements appear to fill a disproportionate number of the available television slots.

The party has also been sponsoring an eclectic range of cultural events from television quiz shows, to pop concerts by the US rap star MC Hammer, and dance spectaculars organised by the popular ballerina Maya Plisetskaya.

At least one young teacher out shopping in St Peterburg's wintry streets seemed to have bought the message. "It seems to me that Chernomyrdin is a solid and professional person who never really wanted to go into politics," she said. "I am a reluctant voter so I shall support a reluctant politician."

The Communists are comfortably ahead of the other 42 parties in Russia's December 17 general election, according to an opinion poll published by Sevodnya newspaper yesterday, Reuter reports from Moscow. They have 12 per cent support, with the Mr Victor Chernomyrdin's Our Home is Russia and the reformist Yabloko party both on 6 per cent. The centre-left Women of Russia is the only other party with the 5 per cent support needed to qualify for any of the 225 seats chosen by proportional representation.

The ultra-nationalist Liberal Democratic Party of Mr Vladimir Zhirinovsky is next with 4 per cent.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850. Fax ++49 69 596 4481. Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd. London and F.T. (Germany Advertising) Ltd. London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297 0621, Fax (01) 4297 0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
R

London international conference will try to flesh out Dayton agreement

Bosnia peace effort gets down to detail

By Anthony Robinson in London

The international community today embarks on an unprecedented effort to put substance on the bones of last month's US-sponsored Bosnian peace agreement at a two-day "peace implementation conference" in London.

It will be opened by Mr John Major, the British prime minister, and attended by foreign ministers and senior officials from the United Nations, Nato, the World Bank, the European Bank for Reconstruction and Development and humanitarian agencies.

The conference is charged with setting up political, economic and human rights structures robust enough to ensure that the longer term task of rebuilding communities and economies, and repairing the multiple ravages of war and ethnic purging, will continue long after withdrawal of the proposed 60,000-strong Nato-led implementation force for Bosnia (Ifor).

Washington insists that the 20,000 US troops which are expected to form the core of Ifor will be withdrawn within 12 months of the start of implementation of the agreements initialled at Dayton, Ohio, and due to be signed in Paris on December 14. This places the 42 governments, 11 international institutions and multiple non-government organisations taking part in the conference under enormous pressure to appoint project leaders, agree budgets and specific projects and make them operational as quickly as possible.

In Washington meanwhile, a letter urging President Bill Clinton to halt deployment of US troops from 184 congressmen, just 34 short of the 218 majority in the 435 member House of Representatives, underlined the continuing strength of opposition to the deployment on which the entire Dayton peace settlement depends.

One of the first priorities of the London conference today will be to appoint a "high representative". He will be charged with co-ordinating the military and civilian efforts at the head of a new and expanded "contact group". This will act as a steering committee and will include representatives of the most important players. Mr Carl Bildt, the former Swedish premier who has built up his international reputation as the EU mediator over the past six months, is expected to get the powerful new co-ordinator's job.

The Red Cross, Oxfam and other aid agencies are particularly concerned to ensure that funds continue to be directed to relieving the immediate needs of the 2.7m refugees and displaced persons who must be fed and helped through the fourth winter of distress.

Strong rivalry over OSCE mission chief

By Virginia Marsh in Budapest

A contest between European and US diplomats over who should head the key security and arms control monitoring mission to Bosnia intensified last night. Diplomats said France in particular was holding out for a European Union candidate to head the Organisation for Security and Co-operation in Europe (OSCE) mission in face of strong pressure from Washington to accept Mr Robert Frowick, a US career diplomat.

Earlier Mr Hans van der Broek, the EU commissioner for external affairs, had pressed the EU case at the two-day OSCE foreign ministers' meeting in Budapest.

"There is clearly strong competition between the US and the EU for this post, with the Europeans keen to make their mark on the peace settlement and not let the Americans do all the running after Dayton," one senior diplomat said. "We very much hope this issue can be resolved before [today's] London conference."

Under the Dayton, Ohio, accords, the OSCE, a 53-nation organisation which groups European and former Soviet states with the US and Canada, will be responsible for setting up and supervising elections, ensuring compliance with human rights obligations and establishing a mechanism for arms control agreements between former Yugoslav states, modelled on the Conventional Forces in Europe (CFE) treaty.

Several member states and the mainly Moslem Bosnia government representative yesterday indicated their preference for a US candidate as a way of ensuring a strong American presence in Bosnia after the withdrawal of American troops due within one year of the peace agreement. The OSCE mission, to be based in Sarajevo, is scheduled to last for five years.

The mission will be the OSCE's greatest challenge since it was set up in 1975 as a talking shop between east and west in the Cold War era. Mr Muhamed Sacirbey, the Bosnian foreign minister, said yesterday it was essential that the strongest OSCE members took a leading role to ensure that genuinely free and fair elections could take place in Bosnia and that arms agreements would be honoured.

Today, the meeting is due to discuss ways of monitoring and implementing a CFE-type arms agreement between rump Yugoslavia, Croatia and Bosnia before ministers fly off to London to take part in the broader peace implementation conference.

EUROPEAN NEWS DIGEST

French widen Alcatel probe

Four executives of Alcatel CIT, the telecoms branch of the French engineering and telecoms group, were yesterday placed under formal investigation by a magistrate.

Mr Gérard Dega, chairman and chief executive of the subsidiary, Mr Claude Tournier, an executive board member, and two other unidentified executives were drawn into a more formal stage of an inquiry by Mr Jean-Marie D'Huy, an investigating magistrate. The new development brings to about 15 the number of executives connected to a judicial inquiry last year alleging that Alcatel overbilled France Télécom on a contract.

Mr D'Huy already took the exceptional step earlier this year of formally barring Mr Pierre Suard, the chairman of Alcatel, from any contact with his companies or other executives.

That led to his replacement as chairman by Mr Serge Tchuruk. Mr Suard also faces a separate investigation into allegations that he had repairs and the installation of a security system in his house paid for by funds from Alcatel. He denies the charges. *Andrew Jack, Paris*

Portuguese budget bill passed

Portugal's new Socialist government, which fell four seats short of an overall majority in October's general election, has passed its first parliamentary test with the approval of a supplementary budget for 1995.

The Communist party voted against the proposal, saying it maintains the economic policies of the previous centre-right Social Democrat (PSD) government. Passage of the bill was assured by the abstention of the PSD and the right-wing Popular party.

It allows for additional spending of Es100bn ($662m) to the end of 1995, in response to demands from ministries for Es300bn in extra funds. Cuts in departmental budgets and planned investments will account for Es65bn of the reallocated funds, which are to go mainly to social services. Mr António Sousa Franco, finance minister, reset the 1995 budget deficit at 5.6 per cent of GDP, down from 5.8 per cent budgeted by the previous government.

The new government, which says it has found a number of previously undisclosed deficits in public sector companies, said these would be addressed in the 1996 budget, due to be presented to parliament in January, together with a programme for "rapid and intensive" privatisations. Mr Sousa Franco has forecast a 1996 budget deficit at 4.2 per cent of GDP, on course for meeting the convergence criteria for European economic and monetary union. *Peter Wise, Lisbon*

EU agrees new driving licence

European transport ministers yesterday agreed the format for a common EU driving licence modelled on a plastic credit card which EU drivers can apply for from July next year.

The licence will be optional for EU drivers and will replace national paper driving licences. The card will carry a passport-sized photo on a pink background as well as the European logo of a circle of gold stars on a blue background. Britain had wanted the licence-holder's nationality to be shown on the front of the card. However, Mr Neil Kinnock, the EU transport commissioner, argued strongly that the card should not be viewed as an identity card.

Mr Kinnock said member states would have to introduce separate legislation if they wanted the card to be used for different purposes.

Ministers finally agreed that additional information such as nationality could be included in a box on the back of the card, but only with the agreement of the cardholder. A British official said the UK was happy with the compromise as it kept open the option of introducing the combined driving licence and identity card in Britain. The card has also been designed to include a microchip which will allow it to be used as a "smart" credit card for electronic payment of road tolls and petrol. *Caroline Southey, in Brussels*

Swedish nuclear closure pledge

Mr Göran Persson, Sweden's Social Democratic prime minister-in-waiting, said yesterday that the country should stick to a 15-year-old promise to scrap its 12 nuclear power plants by the year 2010.

For the second time in 24 hours, he said the country should not "deviate" from the commitment because it reflected the outcome of a referendum in 1980. Mr Persson's stance was welcomed by the Centre party, which informally supports the Social Democrats in parliament and is a strong opponent of nuclear energy. Estimates of replacing nuclear energy, which provides half of Sweden's electricity, range from SKr100bn (£10bn) to SKr350bn.

Mr Persson, who agreed on Tuesday to lead the Social Democrats after Mr Ingvar Carlsson retires next March, said Sweden could only overturn its 1980 decision by holding another referendum. He added that the country had to assess the impact a phase-out would have on the environment, employment and welfare policies. A parliamentary commission into nuclear policy is due to present its findings on December 18. *Christopher Brown-Humes, Stockholm*

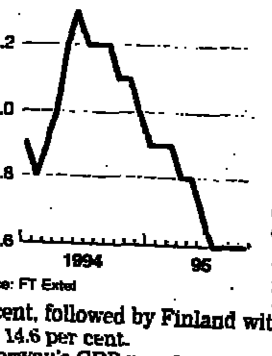
Turks get promise on EU pact

Turkey yesterday welcomed a decision by the Socialist party and the conservative European People's party, the two largest groups in the European parliament, to vote next week in favour of a controversial customs union with Turkey.

The two parties control more than half the seats in the parliament. Although the parties' decision is not fully binding on their members, it greatly enhances the prospects for ratification. Mr Sermet Atacanli, a foreign ministry spokesman, said: "We are pleased. Our wish and hope is that customs union will be approved." Turkey, the European Commission and nearly all EU governments are lobbying intensively for ratification, arguing that customs union will strengthen Turkey's ties to the west *John Barham, Ankara*

ECONOMIC WATCH

EU unemployment levels out



Source: FT Extel

The EU's seasonally adjusted unemployment in October stood at 10.6 per cent, unchanged from September, against 11.0 per cent a year earlier, the EU's statistical office, Eurostat, said yesterday. The rate has remained the same since July. The trend appears to be upwards in Germany, France, Belgium, Ireland and Sweden, while remaining downwards in the UK, Denmark and Spain, it said. Eurostat has estimated that around 17.6m people were employed in the EU in October. Spain has the highest unemployment at 22.6 per cent, followed by Finland with 16.8 per cent and Ireland with 14.6 per cent. *Our Foreign Staff*

■ Norway's GDP rose 1.7 per cent in the third quarter from the second quarter, adjusted for seasonal variations. That brings the year-on-year growth in the GDP to 4.2 per cent as of the end of the third quarter.

■ Greece's consumer price inflation eased to 8.2 per cent year-on-year in November after slowing to 8.3 per cent in October.

■ Turkey's current account balance rose to a provisional $196m (£124m) surplus in September from a revised $240m deficit in August, but was down from a $719m surplus in September 1994.

هكذا من الاصل

Berlusconi's party splits over Europe

By Robert Graham in Rome

A damaging split on policy towards the European Union has emerged within Forza Italia, the political movement headed by the former prime minister, Mr Silvio Berlusconi.

The divisions, exposed during a three-day parliamentary debate, have further weakened Mr Berlusconi's leadership credentials and have undermined the unity of his right-wing alliance. They are also likely to complicate the alliance's agonising decision on when to go for an early general election.

The alliance was divided in advance of the debate on European policy to co-ordinate Italy's position for its six-month rotating presidency of the EU which begins on January 1.

When the debate opened on Monday four separate motions were presented by the main components of the alliance – Forza Italia, the right-wing National Alliance (AN) of Mr Gianfranco Fini and the small Christian Democratic Centre (CCD) and the former Liberals.

However, Mr Antonio Martino, the former Forza Italia foreign minister, caused an uproar by stating bluntly his scepticism about the value of the Maastricht treaty's convergence criteria. He described these, to Mr Berlusconi's applause, as inefficient and harmful.

He also challenged the EU's gradualist approach to monetary union and warned of the dangers of the "Germanisation" of Europe.

Although Mr Martino's Euro-scepticism was well known, it caused consternation within the alliance that his views should be seen as official policy.

The pro-European CCD threatened to break with the alliance and side with the centre-left parties backing prime minister Lamberto Dini's government of technocrats.

As the debate wound up yesterday, Forza Italia was first obliged to rewrite its resolution on European policy calling inter alia for a revision of Maastricht.

Mr Martino refused to endorse this. Then Forza Italia decided to withdraw the motion altogether to avoid the split being formally registered. The National Alliance party also decided to withdraw its own resolution to avoid more confusion.

The outcome meant that Forza Italia had overturned the public positions adopted by its two most prominent figures, a former prime minister and a former foreign minister, on the key policy issue of Europe.

Those sympathetic to Mr Martino said his scepticism about Maastricht and fears about German dominance had a growing popular echo. Mr Martino's mistake, they said, was to express his views in an "arrogant, academic manner".

Mr Dini came out of the debate with the full backing of the centre-left parties to try to ensure Italy could meet the Maastricht convergence criteria to move towards monetary union by 1999.

In his opening statement, Mr Dini said Italy could meet the main criteria if the 1997 budget found L70,000bn ($43bn) in extra revenues and spending cuts, double the size of his budget for 1996.

The prime minister made it clear he was ready to continue governing to ensure stability during the Italian presidency. But the debate gave no clue as to whether elections would be called in February/March or towards the end of Rome's EU presidency.

Fiat chiefs face charges

By Robert Graham in Rome

Turin magistrates yesterday asked for Mr Cesare Romiti, the chief executive of Fiat, Italy's largest private company, to be sent for trial on charges of allegedly being party to illegal financing of political parties, for providing false information and for tax fraud.

Also covered by the request on the same charges were Mr Francesco Paolo Mattioli, the Turin-based automotive group's chief financial officer and Mr Clemente Signoroni, a former Fiat finance director.

Although Mr Romiti has been involved in investigations conducted by anti-corruption magistrates in Milan and Rome, this was the first time the judiciary in Fiat's home base of Turin have sought to prosecute him.

Mr Vittorio Chiusano, Mr Romiti's lawyer, last night issued a statement expressing surprise and bitterness over the development.

The statement pointed out that Mr Romiti and Mr Mattioli had already been absolved three times on similar charges brought by magistrates in Rome, regarding bribes paid for the Rome metro.

Ansa, the Italian national news agency, said the charges related to the activities during the mid-1980s to 1992 of five Fiat subsidiaries – Cogefar Impresit, Fiat Ferroviaria, Iveco, Fiat Avio and Telettra. These companies were alleged to have created funds which were not disclosed in their balance sheets for the payment of bribes to secure contracts and to fund the political parties.

A second line of investigation into alleged false accounting in the books of Fiat Auto, the core car company, had been dropped, the magistrates announced.

But it was the first time the charge of tax fraud had been raised. The size of the funds allegedly involved was not disclosed yesterday. But Ansa reported it was "several tens of billions of lire".

The magistrates' enquiry began in early 1993 and Mr Romiti has already been questioned four times in this respect.

Mr Cesare Romiti (left), Fiat's chief executive, and Francesco Paolo Mattioli, its chief financial officer, are accused of illegal financing of political parties, tax fraud and providing false information

Latvian MPs veto cabinet

The Latvian parliament twice failed to approve a proposed new government on Wednesday, plunging the country deeper into political crisis and launching a search for a compromise candidate for prime minister, Reuter reports from Riga.

The Democratic party leader, Mr Ziedonis Chevers, won the support of 50 deputies in the 100-seat parliament, but 45 voted against him and five abstained, leaving him without the majority needed to form a government, a parliamentary spokeswoman said. When a first vote produced what was effectively a 50-50 result, Mr Chevers's supporters demanded a second ballot, but the outcome was the same.

Mr Chevers's proposed government was the second that has failed to win parliament's approval since elections in early October. The Baltic state has so far had three governments in the four years since independence from the Soviet Union.

President Guntis Ulmanis now has to choose a fresh candidate for prime minister. He has already sounded out the central bank president, Mr Einars Repshe, who has indicated he might accept.

Commissioners get financial code of ethics

By Lionel Barber in Brussels

The European Commission cleaned house yesterday with a new code of conduct which tightens the rules on Commissioners receiving outside income and bans fees for private speaking engagements.

The code is intended to calm the furore over the disclosure that Mrs Ritt Bjerregaard, the Danish environment commissioner, was writing a regular, paid newspaper column, and that other colleagues may have drawn financial advantage from their office.

In an effort to restore public confidence, Mr Jacques Santer and his fellow-commissioners also offered written statements about their financial assets and interests in private companies or foundations, the first time this has happened in the near-40-year history of the Brussels-based executive. However, the exercise in transparency fell short of the financial disclosures offered by US presidential candidates, and for the most part the 15 men and five women commissioners confined their answers to a series of "Nos" to three questions:

■ Whether they sit on the boards of companies or foundations and draw remuneration.

■ Whether they have or have had outside business interests – or "significant" financial interests in private companies (meaning more than 5 per cent of a company's equity).

■ Whether they have been involved with companies which are or have been the subject of official Commission inquiries, such as competition or state aid cases.

The statements showed that, until they joined the Commission, Mr Mario Monti, the Italian single market commissioner, had the most outside business directorships.

Mrs Edith Cresson, former French prime minister and commissioner responsible for research and training, wound up her directorship at a French consulting firm last November, while Mr Santer revealed that he rents out his Luxembourg home at an undisclosed sum.

Mrs Anita Gradin, Swedish commissioner who deals with fraud, disclosed that she owns one share, three shares and 100 shares respectively in three private companies.

Commissioners earn about BFr590,000 (£12,800) per month before tax. Their perks include a car, a monthly child allowance of BFr8,000 and a daily allowance of BFr3,000 when travelling on Commission business, which often happens to coincide with a speech on home territory on Friday in preparation for the weekend.

While banning speaking fees, the code allows commissioners to publish books and receive royalties on condition they inform the Commission president of their intention to publish a book.

The European Court of Justice yesterday annulled the European Union's budget for 1995, saying the European Parliament had overstepped its bounds in setting spending priorities, Reuter reports from Luxembourg. No adverse financial effects on the EU were expected from the ruling because the decision came so late in the year. The European Commission said a full review of the EU's budget process would be undertaken in 1996.

Santer warns on slowing of Emu

By Lionel Barber

Mr Jacques Santer, president of the European Commission, yesterday stepped into the growing debate about the feasibility of European monetary union (Emu), warning that missing the 1999 launch date for a single currency would "throw the whole European Union back for years".

Stung by criticism that the Commission has been timid in countering speculation about a delay in the single currency, Mr Santer said he was convinced monetary union would go ahead on schedule because it was an "historic opportunity" as well as an obligation in the Maastricht treaty.

In words aides said were targeted primarily at Germany, Mr Santer said in a speech in the Hague: "The treaty is crystal clear; the single currency will exist on January 1, 1999, at the latest, and member states which fulfil the criteria will participate from that date".

The Commission has been unnerved by the German campaign to set the terms of monetary union through strict interpretation of the treaty and budget enforcement measures aimed at making sure only a handful of economies qualify for a single currency.

But it is also worried about suggestions in the opposition Social Democrat party, and at this week's UK-Italian summit, that a limited Emu could split the EU into two political camps and jeopardise the single market. The sense that the fate of monetary union could be decided in the next few weeks has grown amid the battle of wills between the French government and public-sector unions over welfare reforms and spending cuts, vital for France to meet the Maastricht criteria.

"We are in the very dangerous period," said a senior Commission official, "and the president decided it was time to speak out ahead of next week's EU summit in Madrid".

Mr Santer made clear yesterday he had little sympathy with German demands for a delay in the calendar for deciding which countries meet the entry criteria.

IFC to leave privatisation to banks

By George Graham, Banking Correspondent

The International Finance Corporation is to stop competing for privatisation and securities underwriting business with private-sector banks operating in the developing world.

The IFC, the World Bank's private-sector financing arm, has set itself new guidelines that will stop it bidding against privately owned investment banks for contracts to advise a government on privatisation, or to advise on corporate restructurings.

Securities underwriting will be undertaken only for deals that break new ground in opening up an emerging market, or where private-sector investment banks have been unable to help.

The new guidelines represent a victory for Mr Jannik Lindbaek, IFC's managing director, over some of the organisation's line managers, who have often been reluctant to cede markets they opened up to commercial and investment banks they regard as rivals.

But they have also been welcomed by many IFC staff, who say that they joined the organisation because of their interest in development; if they wanted to do run-of-the-mill corporate finance they could earn more with a Wall Street bank.

International bankers see the new rules as a big step forward. "IFC can do so many more things than we can. Why should they be competing with us to do those things we can do?" says Mr Edward Roberts, a vice-president in Chase Manhattan's project finance group.

Over the past five years, private capital flows to the developing world have increased dramatically and capital markets have developed in countries which used to depend on financing from multilateral agencies such as the IFC.

The result has been that countries such as Chile and Thailand have, in effect, graduated from being IFC customers as they became more interesting markets for commercial banks. In countries such as Indonesia, however, the dividing line between the IFC and private-sector banks has been less clear.

Mr Richard Parry, head of syndications and placement at the IFC, said the organisation had to walk a fine line between not competing with private-sector banks and not appearing to abandon its government clients, who are also its shareholders. But the new guidelines have already started to bite, causing the corporation to turn down a series of proposals in the two months since they were introduced.

Besides defining the circumstances in which the IFC will advise governments on privatisations and corporate restructurings and take part in securities underwriting, the guidelines also require the IFC to accept project appraisal and due diligence work done by private-sector banks.

"I think it is fair to say that IFC has sometimes been a bit arrogant in insisting on redoing work that others had already done," said Mr Parry.

South Africa's taxis seek state help

£53m injection would improve profits and help stamp out violence among competitors

By Roger Matthews in Johannesburg

South Africa's biggest wholly black-owned industry, minibus taxis, is seeking government help to improve profitability and stamp out violence between competitors.

A task group set up this year to look into the industry's problems said yesterday that R300m (£53m) was needed from the government over the next two years to stabilise and regulate the industry.

Mr Mac Maharaj, minister of transport, who yesterday received the group's interim report, said the government had identified taxis as a remaining source of endemic violence, but also as the flagship of black economic empowerment".

More than 170,000 minibus taxis transport on average 2.2m passengers a day, more than buses and trains combined. But the industry, which employs 250,000 people, is largely unregulated with rival operators paying hit squads to prevent competitors challenging for profitable routes.

At least 250 people are estimated to have been killed in taxi wars last year with the police apparently unable to check the trend. Police officers also own minibus taxis and the task team said this sometimes led to a conflict of interest.

On Wednesday night two taxi drivers were shot dead and three wounded when gunmen opened fire on a taxi rank in Johannesburg.

The violence, poor maintenance of vehicles, and often reckless driving, has helped push the industry towards what Mr Dipak Patel, chairman of the task group, described as the brink of the economic precipice. Accidents and fatalities have more than tripled in the last decade, with more than 1,000 killed in crashes last year. Insurance companies are now demanding annual premiums equal to 25 per cent of the cost of a new vehicle, and because of bad debts, banks often charge 12 per cent over normal lending rates to finance purchases.

Mr Joe Mabaso, a representative of the taxi operators, yesterday blamed the policies of previous apartheid governments "which were designed to throw the industry into chaos", and had succeeded. The task team, which included government representatives, acknowledged that operators had a moral case in seeking government support as buses and commuter train services received an annual subsidy from government of R800m and R1.3m respectively.

Mr Maharaj praised the industry representatives for their "major compromise" in not making their case for subsidies a central issue, and said this had contributed to the success of the task group in arriving at an agreed package of recommendations.

Under these proposals the industry would be encouraged to form co-operatives which would enjoy a number of benefits such as financial guarantees to reduce borrowing costs, insurance guarantees, direct purchase of vehicles from manufacturers, central petrol buying facilities, and capital grants, all of which would be underwritten by the government as the core of a two-year "survival package".

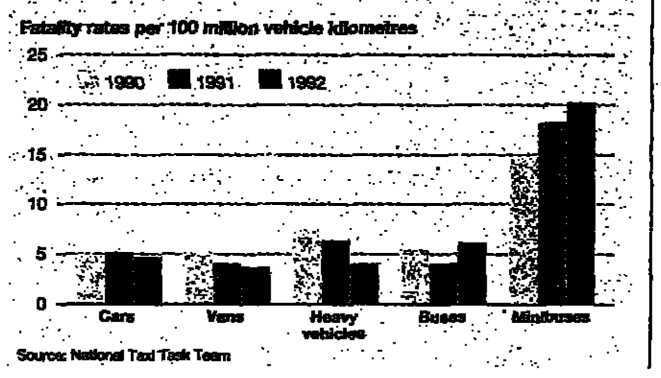
To become a member of a co-operative, minibus taxi owners would have to register with the authorities, obtain a permit to operate on particular routes, and accept a code of conduct and disciplinary procedures. At the same time they would commit themselves to a training programme designed to improve vehicle safety and driving standards.

Mr Maharaj said the proposals would be considered as part of his ministry's national passenger transport policy review, and pledged the government's commitment "to freeing the industry from fear and making it viable and sustainable."

Battleground: minibus taxis in Johannesburg

South African road deaths.

Fatality rates per 100 million vehicle kilometres



Source: National Taxi Task Team

Mbeki to hasten state sector reform

By Roger Matthews

The South African government yesterday sought to inject more urgency into the restructuring of state assets, which will include elements of privatisation. Mr Thabo Mbeki, the deputy president, is to head a new cabinet committee aimed at pushing the process forward.

The announcement accompanied a cabinet statement that it had accepted recommendations from the first two of the five task teams looking into options for different state sectors. It had identified the need for Telkom, the state telecommunications company, South African Airways, and the company which operates the airports, to investigate forming alliances with outside partners.

"Many of the recommendations revolve around the need to invite strategic equity partners to join our public corporations, bringing with them capital, technology and management, to ensure quicker development of services while providing international access and growth possibilities," said the cabinet statement. But it emphasised that the controlling interest in all three will remain with the government.

The cabinet also agreed that it would sell Sun Air and Transkei Air, the two small airlines which served the former homelands, and Autonet, the road transport company. All three had been previously identified as having no importance for public policy. In selling those companies the cabinet hopes to strengthen the growth of black-owned business.

But the government believes that more work has to be done in restructuring other state companies before any wider options could be considered. These include Spoornet, the long-haul rail freight and passenger company, and the rail commuter company.

The government is anxious to see faster progress in reforming the state sector.

INTERNATIONAL NEWS DIGEST

Israel to probe war crime claim

Israel yesterday conceded that it should investigate claims that its soldiers executed Egyptian prisoners during the 1956 and 1967 Middle East wars. Following a meeting with President Hosni Mubarak in Cairo, Mr Shimon Peres, in his first visit to Egypt as Israel's prime minister, said he would appoint a retired army general to investigate the charges.

In August claims by an Israeli historian that some Israelis killed unarmed Egyptian troops were substantiated by soldiers who had fought in the two wars. The revelations produced a fierce and passionate debate in Egypt and the uncovering of alleged mass graves in the Sinai peninsula. Since then Egypt has been demanding an investigation and possible war crimes trials against those responsible.

Mr Peres's offer to look into the affair comes in sharp contrast to his predecessor's hard line. Under Mr Yitzhak Rabin, who was assassinated last month by a Jewish extremist, Israel said that its own laws prevent the prosecution of crimes which occurred more than 20 years ago. Egyptian commentators have played up the inconsistency between this stance and Israel's 40-year international pursuit of Nazi war criminals. *James Whittington, Cairo*

Zambia pays off IMF arrears

Zambia has cleared arrears of $1.2bn owed to the International Monetary Fund, regained access to IMF facilities and opened the way for a Paris Club debt reduction deal early in the new year. Lusaka will be seeking Naples terms debt relief from its creditors which would give it a $1.5bn reduction in its $6.4bn external debt. Zambia's access to IMF facilities was suspended in September 1987 because of its failure to meet loan repayments, but, following the election victory of President Frederic Chiluba's Movement for Multi-Party Democracy (MMD) in November 1991, the new government negotiated a rights accumulation programme (RAP) with the Fund.

This enabled Zambia to accumulate rights to clear its arrears and resume borrowing from the Fund.

The rights programme was completed – nine months late – this week and the IMF has now approved a three-year Enhanced Structural Adjustment Facility loan of $1.043m and a one-year structural adjustment facility of $270m, making a total of $1.3bn in all. The delay in completing the rights programme is blamed on fiscal slippages, notably the abortive attempt to rescue Meridien bank in Zambia and overspending on defence. *Tony Hawkins, Harare*

Mubarak wins huge majority

At the end of an election marred by violence and widespread abuses, Egypt's ruling National Democratic Party has won 317 of the 444 available seats in parliament. Independent candidates, many of whom are supporters of the NDP, took 114 seats while candidates from the 13 opposition parties standing won a collective 13 seats. The results guarantee President Hosni Mubarak's party an overwhelming majority in the house for the next five years.

After announcing the results, Mr Hassan al-Alfi, the interior minister, said the violence and abuses which characterised the poll were the result of "agitated behaviour by candidates and their supporters who have not yet grasped the democratic experience and the discipline and order it needs".

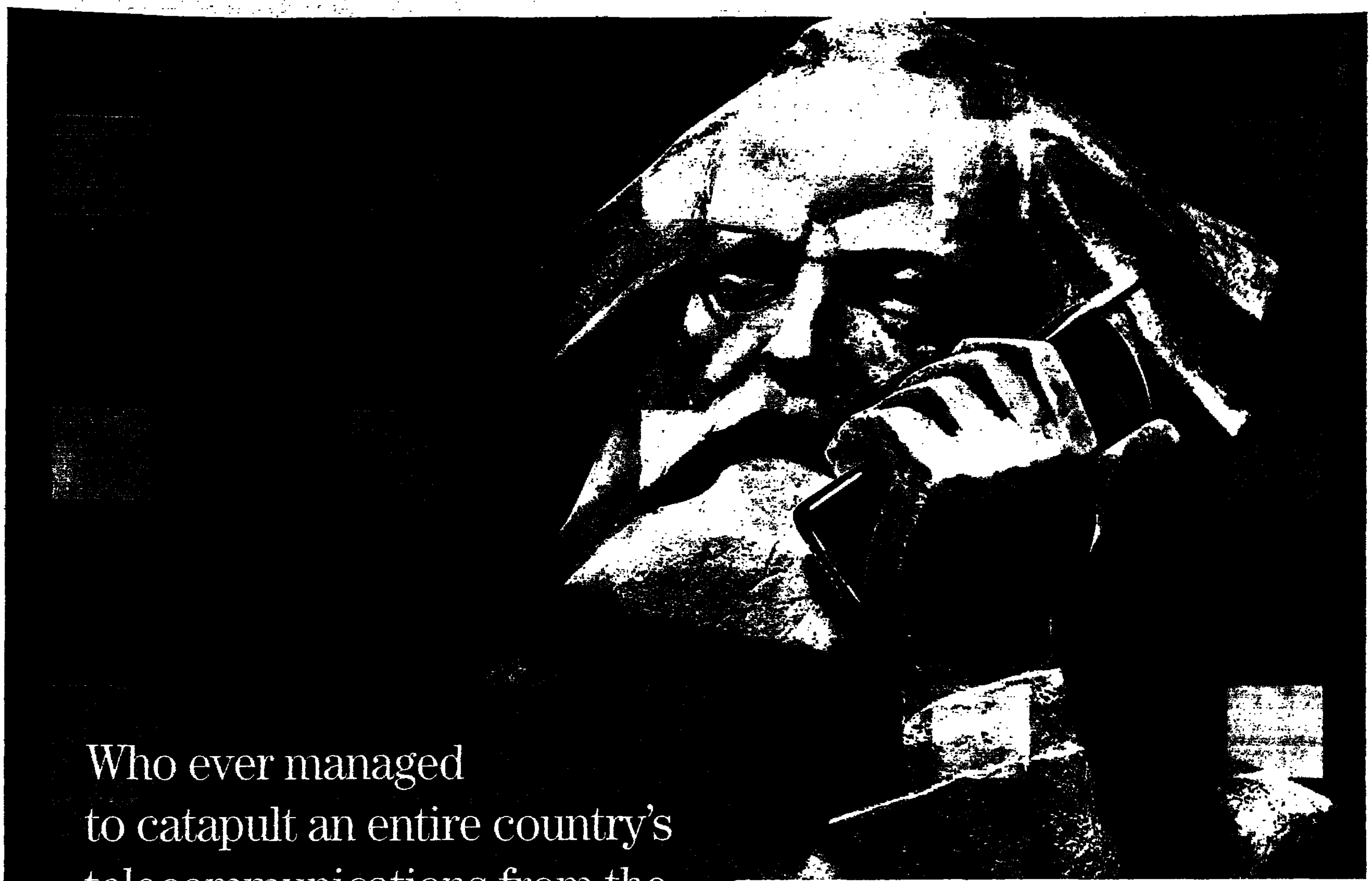
At least 30 people have died during the election. Opposition parties denounced the elections as fraudulent and a number of administrative courts ruled this week that in the face of lawsuits alleging vote-rigging some of the results were not final. *James Whittington, Cairo*

PUBLIC NOTICES

CONTRACTS & TENDERS

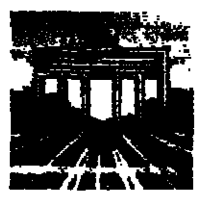
BUSINESSES FOR SALE

هكذا من الاصل



Who ever managed to catapult an entire country's telecommunications from the Stone Age into the future?

The ultimate test of a company's performance and ingenuity is when it faces seemingly insurmountable tasks. Unquestionably, the toughest assignment in the history of telecommunications has fallen to Deutsche Telekom. In the new German federal states, we have set up what must today be the world's most high-performance telecommunications infrastructure in record time.



By 1997, Germany's new federal states will have the most advanced telecommunications infrastructure in the world. Who would have believed it back in 1990?

With the Wall gone, we still had another to scale.

It was a daunting, almost depressing prospect. The telephone system was still largely a relic of the twenties. Only one in ten homes was connected. Public telephones were a rare sight, fax machines in even shorter supply and mobile phones non-existent. Companies had virtually no means of data communication whatsoever. This desolate landscape cast a shadow over hopes of any rapid transformation to a market economy, let alone short-term economic upswing, for the former East Germany. This was a "national emergency".

The leap into the age of high-tech.

Engineering a state-of-the-art infrastructure out of nothing was a pretty unique undertaking in the world of telecommunications. But we did it. We built a network of super-speed highways, complete with new digital switching systems and no fewer than 5.3 million new connections to date. That's more than during the period between 1871 – the year the first telephone rang in Germany – and the collapse of the Berlin Wall. The basic blanket infrastructure for data lines, ISDN, mobile communications, radio and television is now almost complete. As the world's leader in the field of fiber optics, we'll be linking up 1.2 million homes in Eastern Germany this year with the latest in advanced communications technology.

In fact, we did the job so well that many other countries, notably those in the former Eastern Bloc, are looking to harness the vast experience, organizational skill and technological power of Deutsche Telekom in setting up their own networks.

Deutsche Telekom now a stock corporation.

At the beginning of this year, Deutsche Telekom made the move from public to stock corporation. This not only allows us greater freedom to keep pace with the rapid developments in the market but also to forge ahead with technological innovation even faster and more effectively for our customers. Today, Germany boasts the world's most advanced fiber-optics network and the highest number of ISDN connections – proof enough of our success.

You can share in our success.

Get to know our products and services tailored to meet your special needs and you'll get to feel the cutting-edge of tomorrow's technology. Come join the fast lane to the future.

Our connections move the world.

Deutsche Telekom

ASIA-PACIFIC NEWS DIGEST

Kim seeks fresh political start

South Korean President Kim Young-sam is expected to reshuffle the cabinet in mid-December as he attempts to put the recent corruption scandal behind him following the arrest of his two predecessors. Officials said Mr Kim, aiming for a fresh political start for his last two years in office, this week also renamed the ruling Democratic Liberal party as the New Korea party.

A meeting of economic ministers today will discuss measures to ensure economic stability following the scandal. Investor confidence has increased in the belief that the peak of the scandal has passed, with the Seoul stock market index having risen by almost 3.2 per cent this week. This follows the indictment on Tuesday of former President Roh Tae-woo and seven business leaders on corruption charges and the arrest on Sunday of former President Chun Doo-hwan for alleged sedition in connection with his 1979 military coup.

Many popular ministers, including Prime Minister Lee Hong-koo and Mr Hong Jae-hyung, finance and economy minister, are expected to resign before the reshuffle so they can stand as ruling party candidates in parliamentary elections next April. *John Burton, Seoul*

Australian rate cut unlikely

An easing in Australia's official interest rates in the short term looked far less likely yesterday after monthly jobs data for November showed a sharp jump in total employment. The number of jobs rose by 112,100, seasonally adjusted, the largest monthly rise since the series began in 1978. With the "participation rate" (the proportion of the workforce either in a job or seeking one) also rising, the unemployment rate fell more modestly, to 8.6 per cent against 8.7 per cent the previous month. This is the first drop since July. *Nikki Tait, Sydney*

East Timorese in protest

More than 100 East Timorese and their supporters clambered into the Dutch and Russian embassy compounds in Jakarta yesterday to mark the 20th anniversary of Indonesia's invasion of East Timor. Mr Ali Alatas, Indonesia's foreign minister, said the protesters were free to follow the 43 East Timorese who staged similar break-ins over recent months. All those have left Indonesia for political asylum in Portugal. Two Dutch diplomats were injured when pro-Indonesian counter-demonstrators broke into the embassy.

Indonesia refuses to hold a referendum in East Timor, saying it was incorporated into Indonesia following a vote in 1976. The UN regards Portugal as the administering power in East Timor. *Manuela Saragosa, Jakarta*

■ Japan's investment in plant and equipment abroad increased 27.7 per cent to $21.74bn (£14.5bn) in the six months to September, Finance Ministry figures showed. Flows to North America were up 50 per cent to $10.15bn, to Asia 37 per cent higher at $5.01bn, but to Europe down 9.4 per cent to $2.63bn. *Reuter, Tokyo*

■ South Korea's M2 money supply in November rose a year-on-year 13.1 per cent, according to provisional Bank of Korea figures. *Reuter, Seoul*

■ The HIV virus, carried by an estimated 1.5m people in India, is costing the country Rs477.2bn (£8.9bn) a year including productive loss, Dr Lalit Nath, director of the All India Institute of Medical Science, told a conference on Aids. *Reuter, New Delhi*

OECD warning for Tokyo

By William Dawkins in Tokyo

Japan was yesterday warned its fragile recovery could turn into a new recession unless it maintains an easy monetary policy, uses public money to bail out banks, and speeds deregulation.

The warnings came in the Organisation for Economic Co-operation and Development's latest annual report on Japan, which predicts the economy will pull out of its deepest post-war recession next year, but paints an uncertain medium-term picture.

According to OECD estimates, gross domestic product will grow barely 0.3 per cent this year, rising to 1.8 per cent in 1996, helped by record low interest rates and the government's Y14,200bn (£91.5bn) fiscal stimulation package unveiled in September.

Prices will remain roughly stagnant, with a 0.4 per cent decline in the GDP deflator next year, while the current-account deficit is expected to fall from 2.3 per cent of GDP this year to 2.1 per cent in 1996.

But the OECD foresees little beyond the government stimulation measures to sustain further growth. It warns there is a risk its own forecasts may prove optimistic, given that recovery signs last year turned out to be a false dawn.

Unemployment will rise from the present record 3.2 per cent to 3.4 per cent next year; as a result, there is a risk depressed consumers will increase their savings rate, already the world's highest at nearly 15 per cent of disposable income, rather than spend.

The greatest risk to recovery, says the OECD, is another rise in the yen's value, which would spark a new round of corporate cost-cutting. Japan continues to be burdened by excess capacity, as shown by a widening in the output gap (the difference between actual and potential growth) from 1 per cent at end-1993 to 4 per cent by the middle of this year.

A higher yen would also boost the shift of industrial production to lower-cost locations in Asia, leading to an increase in imports. That would aggravate the decline in asset prices which, with an already fragile financial system, would push Japan back into recession, the survey predicts.

Another risk is that the persistent weakness of land prices would worsen banks' balance-sheet problems, which would hit corporate confidence.

Even if the yen does continue its orderly decline, the OECD believes it unlikely Japan can return to the high growth rates of the 1980s, because of an ageing population and a decline in working hours.

In the short term, it says a continued easy monetary policy is "crucial" to helping asset prices and strengthening banks' balance sheets. But this alone is not enough to support a recovery.

The weaker banks, such as second-tier regional institutions, credit associations and agricultural co-operatives, will need injections of public funds, at present being considered by a Finance Ministry panel due to report late this month.

But whatever form public assistance for the banks may take, this will result in a further widening of Japan's budget deficit, the OECD adds.

In the past five years, the combined central and local government deficit has ballooned from zero to just under 8 per cent of GDP, of which 4 per cent is attributable to the central government.

About half of that is structural – lower income tax revenues from the ageing population and the shift of production abroad – which means the fiscal consolidation of the past decade has been reversed. Over the same period, the ratio of gross general government debt to GDP has risen to 90 per cent, far above the OECD average.

The report accepts public finances will have to deteriorate further in coming years, with the possible bail-out of depositors in failed banks and the likely prolongation next year of temporary personal income tax cuts. But thereafter, the organisation says it will be essential to return to fiscal rigour in the medium term.

At the same time, it returns to the familiar motif that further deregulation, especially liberalisation of the multi-layered distribution system and tougher enforcement of competition laws, will be essential to assure medium-term growth. There have been some profound changes in distribution, but overall progress has been slow.

OECD Economic Surveys: Japan. OECD Publications, 2 Rue André-Pascal, 75775 Paris, Cedex 16.

How Japan stumbled

Japan surplus halved as exports flag

By William Dawkins

Japan's current account surplus halved in October, a consequence of a plunge in the rate of growth of exports to US and Asian economies.

The surplus shrank by a far greater than expected 51.8 per cent to $4.3bn (£2.8bn) in the year to October, according to preliminary figures from the Finance Ministry, the second monthly decline in a row.

This is the biggest drop in the current account gap for five years, and as such may help the yen to continue to weaken against the dollar, Tokyo analysts said. Finance ministry officials expected the declining surplus to continue.

The dollar barely moved in response, ending the day in Tokyo at Y101.4, but the stock prices continued their recent rise, with the Nikkei 225 index up 1.8 per cent on the day, to end at 19,412.32, the highest since January 11.

Within the total surplus, the gap in trade in manufactured goods fell 32.7 per cent to $7.6bn, reflecting a fall in car exports to the US, while the deficit on the services account, where Japan is traditionally in the red, expanded 43 per cent to $2.49bn, on a surge in overseas travel.

Exports overall rose 1.3 per cent to $33.8bn, the slowest growth rate in three years; imports raced ahead 18.5 per cent to $26.3bn.

A growing number of economists believe a structural shift has occurred in the Japanese economy, towards a greater appetite for imported manufactured goods, on top of the raw materials which used to form the mainstay of Japan's foreign purchases.

Nearly four years of stagnation and a strong currency have encouraged consumers and industrial companies to seek cheaper goods from abroad. Imports of manufactured goods hit a new high in October for the third month running: 61.3 per cent of the total (60.9 per cent in September).

The rise in Japan's foreign purchases came across a wide range: office equipment, up 82 per cent; electronic equipment, up 75 per cent; and cars, up 12.2 per cent.

On the services account, the tourism deficit grew 48 per cent to an October record of $3.08bn, as an all-time monthly record of 1.3m Japanese took foreign trips. The outflow of long-term capital account increased to $10.69bn, reflecting a rise in purchases of foreign bonds.

Fears of an acrimonious transition for HK

Britain and China are at odds about remaining 18 months, writes **Simon Holberton**

It was in the studied Englishness of the Hong Kong Club – still the place to which the colony's top people belong – that it became clear British rule in Hong Kong is likely to end much as it began – with a fight.

Over lunch in the Red Room, one of the club's dining rooms, a leading member of the group of Hong Kong notables who advise Beijing on the colony's affairs remarked: "China is not interested in the sort of [limited] co-operation that Chris Patten [Hong Kong's governor] is offering [for the transition to Chinese rule]".

So, the official suggested, Beijing might have to go it alone.

What China wants, and Mr Patten is not about to offer, is help in re-drafting laws and to set up elections for a legislature to replace the one the governor worked so long and hard to put in place.

"He is just proposing to exchange more information. What we want is help in running a government."

China appears determined not to be deterred from establishing a provisional legislature well before Hong Kong's official transfer to China at midnight on June 30 1997. This would pass the 1997-98 government budget and laws for elections which will become effective only after China resumes sovereignty. The colony's parliamentary draughtsmen would be encouraged to help in drafting new laws and amending old ones.

Moreover, the official said, China is prepared to finance such an initiative itself. And there would be no lack of space to hold such an assembly. China has many friends among Hong Kong's property tycoons.

It is therefore not surprising that both Chinese and British officials expect next year to be the most difficult time for the colony since 1989 when the Chinese government's suppression of demonstrators in Beijing's Tiananmen square led to a flight of capital and people from Hong Kong. "We are heading into some pretty turbulent waters," said one British official.

In the period ahead – which another member of Beijing's group of notables, known as the Preliminary Working Committee, dubbed Hong Kong's "year of decision" – many of the colony's people will have to decide whether to emigrate or remain. Civil servants will have to decide whether to work for the incoming regime or for their retreating British masters. This would set the scene for an acrimonious transfer of sovereignty and further strain relations.

China cleared the way yesterday for establishment in the New Year of a Preparatory Committee to help oversee its 1997 takeover of Hong Kong, writes Tony Walker in Beijing.

It convened in Beijing the final session of the Preliminary Work Committee, a body formed in 1992 as a "united front" organisation aimed at building support for the Chinese takeover.

Prominent Hong Kong citizens were appointed to the PWC and many are expected to be transferred to the high-profile Preparatory Committee. Critics say the Preparatory Committee will become a shadow government, undermining the authority of Governor Chris Patten in the last days of British rule.

The committee is expected to have a membership of between 120-150, about three-quarters of whom will come from Hong Kong. The rest will be from mainland institutions such as the Hong Kong and Macao Affairs Office of the State Council, or cabinet, and the Foreign Ministry.

Mr Qian Qichen, China's foreign minister, addressing the final session of the PWC said the organisation had helped "lay a good foundation" for the Preparatory Committee's operations.

Britain is committed to maintaining a "credible" government in Hong Kong right up to the handover. This would be increasingly difficult to achieve if China were to pose an implicit "loyalty test" by hiring serving Hong Kong civil servants. Already there are signs that some people are voting with their feet.

The Canadian, Australian and US missions in Hong Kong report a pick up in applications for immigrant visas. The levels are nowhere near as high as 1989-90, but are up on those for the past few years.

Yet far from fearing an exodus, some hard-headed Chinese officials point to the benefits for those with the courage and commitment to stay. They note that tycoons such as Mr Li Ka-shing, the property billionaire, made their money by betting on Hong Kong property when prices plummeted in the late-1960s amid fears of a Chinese invasion.

The work of the PWC, which is meeting for the last time in Beijing this week, has provided the agenda for its successor body, the Preparatory Committee, to implement. China is expected to publicise the membership of the committee in the New Year.

"Everyone is waiting for the Preparatory Committee," says Mr Tsang Yok-sing, chairman of the pro-Beijing Democratic Alliance for the Betterment of Hong Kong, a PWC member and a man expected to play a role in the Preparatory Committee. "I hope that Mr Patten rethinks his position. The more co-operation he gives the Preparatory Committee, the less the danger of China taking drastic steps."

This committee – which, unlike the PWC, Britain recognises and has pledged to co-operate with – will be a group of between 120 and 150 members split roughly 50:50 between Hong Kong and mainland representatives. It will appoint an electoral college of 400 local people to select Hong Kong's first chief executive, as the post-colonial governor will be styled. It is also charged with vetting Hong Kong's laws for compatibility with the Basic Law, Beijing's mini-constitution for Hong Kong.

The PWC has spent the past two-and-a-half years trawling through Hong Kong's statue books, examining its politics, culture, and method of budget-making.

Hong Kong government officials fairly point out that the PWC has managed to generate little popular support during its life time – indeed polls consistently show that it enjoys the support of less than 20 per cent of the population – but that misses a crucial point: the Chinese government has never sought popularity.

Moreover, although the PWC's findings have been cast in the language of "recommendations" to the preparatory committee, the presence on every committee of senior Chinese government officials means that the recommendations are government policy.

The extent to which China goes it alone will depend upon the degree of help the Preparatory Committee receives from Britain. Some China advisers do not think it is too late for Britain to change policy, particularly on matters to with the legislature that will come into being after 1997.

"The sensible thing to do is accept that the present legislature will be replaced after 1997 and ensure that the one elected then is done in a fair and open way," says Mr Tsang. "I hope that all those who care about democracy in Hong Kong stop insisting that the current legislature serves its four-year term, and sit down and make plans for future elections."

However, Britain has flatly ruled out extending any help to a provisional legislature. London's view is that the elections in September produced a fair and credible legislature which ought to be allowed to serve its full term.

هكذا من الاصل

GM to produce utility vehicles in Russia

By Haig Simonian, Motor Industry Correspondent

General Motors is to become the first US vehicle manufacturer to set up a major joint car venture in the Russian Federation since the collapse of the Soviet Union.

Mr Louis Hughes, president of General Motors International Operations, yesterday signed the deal in Moscow and suggested that it could be followed by future projects, as yet undetermined.

GM has agreed with the Elabuga Automotive Works (ELAZ) to build up to 50,000 units a year of its Chevrolet Blazer sports utility vehicle for sale throughout the former Soviet Union.

GM will take a 25 per cent stake in the joint venture, with the remainder held by ELAZ. The total investment for the project is estimated to be $250m.

The project has to be supported and approved by the Russian government. According to GM, production could begin within two years of receiving final approval.

Elabuga is about 1,400kms from Moscow in Tatarstan. There is already a large, partly-completed manufacturing complex on the site, which is about 1,000 hectares in all. The joint venture will occupy about 60,000 square metres of the total complex. GM has been selling a limited number of Blazers in Russia since 1992. Mr Hughes said the vehicle had been "well accepted in the Russian market, despite the very high level of import taxes there".

He expected a locally-produced Chevrolet Blazer would be more popularly priced and be an even stronger competitor in the Russian market. The local content of the vehicles will be targeted at about 25 per cent to begin with, and suppliers will be vetted by a joint GM-ELAZ team.

Elabuga is the site of an ambitious automotive joint venture negotiated in the early 1990s by Fiat with the Russian authorities. However, the deal, frozen for a number of years because of the political and economic uncertainties in Russia, has been dropped.

GM has already been pipped at the post by Daewoo, the fast-expanding south Korean industrial group, for the prize of setting up the first automotive joint venture in the former Soviet Union. Daewoo has an agreement with the authorities in Uzbekistan to set up a large factory producing small cars.

The new GM vehicles will be marketed and distributed by the existing GM network in Russia and by new dealers yet to be appointed by the joint venture.

Chile hits snags in pacts quest

By Imogen Mark in Santiago

Chile's efforts to secure bilateral trade agreements and to join regional trade groupings have recently encountered serious snags. First, its hopes of a swift entry into the North American Free Trade Agreement, were dashed by US domestic politics, and put on ice until 1997. This was followed last week by a European Union working group decision not to approve a negotiating mandate on a bilateral agreement.

Most urgent, however, is the outstanding application for an agreement between Chile and the Mercosur customs union, which groups Argentina, Brazil, Uruguay and Paraguay. The sums involved for Chile are significant as Argentina and Brazil are among Chile's fastest growing markets. Together they account for 12 per cent of Chile's exports, which should reach a total $16bn this year. The entire Mercosur market is 15 times the size of Chile's home market, with a total population of 200m.

But last week the talks broke down when the two sides could not agree on the volume or range of products to be exempted from a common tariff. Mr José Miguel Insulza, foreign minister, flew to Montevideo on Wednesday before a meeting of the four Mercosur heads of state in an effort to get his counterparts to agree to restart the talks. He succeeded in securing a 90-day extension to negotiate an agreement.

Chile's industrialists and businessmen are anxious to secure a detailed agreement quickly. Mercosur is the most important outlet for a fast growing manufacturing sector with products such as newsprint, processed foods, tomato paste and wine. These represent about a third of total trade with the group but the goods are subject to customs duties at the highest level, up to 20 per cent.

The current tariff structure regulating trade between Mercosur member states and Chile should have expired last January, when the Mercosur common tariffs came into force. It has been extended twice, and will now have to be extended again in December.

However, Mercosur members have already achieved a zero tariff on 85 per cent of their internal trade so Chilean manufacturers like Mr Roberto Fantuzzi, who exports paraffin stoves and kitchen utensils to Argentina, have been losing market share. His products are subject to a 15 or 16 per cent duty, competing with Uruguayan or Brazilian goods paying zero. Buyers are already looking for alternative suppliers within Mercosur for 1996 in case the talks break down, he says.

The existing tariff structure is an amalgam of previous preferential arrangements between each of the member states and Chile and cover 70 per cent of Chile's trade with Argentina and 90 per cent with Brazil.

South Asian nations take first step toward creating trade bloc

By Shiraz Sidhva in New Delhi

The seven member nations of the South Asian Association for Regional Co-operation (SAARC) yesterday took their first step towards creating a regional trade bloc by launching the SAARC Preferential Trading Arrangement (SAPTA). The accord provides for tariff reductions on specified items and commodities.

Political differences have marred economic co-operation in the region since SAARC – India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, and the Maldives – was set up 10 years ago.

Though there is substantial informal trading, official trade among SAARC countries as a percentage of total world trade is only 3.4 per cent.

The dismantling of trade barriers under the World Trade Organisation is a strong reason for the south Asian countries to work more closely. SAARC countries are major textile exporters, and could benefit from trading as a bloc rather than competing with each other.

"The potential for economic co-operation is tremendous," says Mr Tejinder Khanna, secretary in India's commerce ministry.

Analysts describe the SAPTA agreement, reached with great difficulty, as a "token beginning". Member countries have identified 226 items for tariff reduction, but implementation of the pact will depend on bilateral relations between the countries, notably India and Pakistan, which have so far not been able to resolve their mutual hostility.

India has agreed to grant tariff concessions on 106 items, with lower tariffs on 62 of these reserved only for the least developed countries in the region.

Pakistan has announced concessions on 35 items, Bangladesh 12, Nepal 14, Sri Lanka, 31, and Bhutan 11. Analysts say the value of concessionary imports is less than 7 per cent of trade between SAARC countries.

A group of Indian and Pakistani businessmen are convinced that improved trade relations between the countries will help resolve the diplomatic impasse caused by political issues such as Kashmir.

According to estimates by the Federation of Indian Chambers of Commerce and Industry (FICCI), India exports goods worth $650m a year to Pakistan, of which only $150m is official. The rest is routed through a third country, or smuggled.

"Indian consumer goods have a ready-made market at their doorstep in Pakistan," says an Indian industrialist who manufactures rubber tyres smuggled into Pakistan.

"It is absurd that textile machinery, for instance, is made in India, and exported to Pakistan through Europe. But diplomatic relations are so bad between our two countries that trade is an obvious casualty."

Indian KU-band satellite launched

By Shiraz Sidhva

India's third satellite, Insat-2C, was successfully launched yesterday from Kourou in French Guyana – on the north-east coast of South America – by the French Ariane-4 rocket.

The satellite is expected to be operational in less than five weeks.

"The signals are perfectly good, and the solar panel has started generating power," said Mr K. Kasturirangan, the head of the government's Indian Space Research Organisation (ISRO), which designed and built the satellite.

Insat-2C, launched at a cost of $60m and built for $40m, carries India's first very high frequency KU-band transponders, for telecommunications.

The new technology will help Doordarshan, the state-owned television broadcaster to extend its broadcasting reach well beyond India to south-east Asia and the Middle East, eastern Europe and Africa.

The satellite will also introduce mobile satellite services to India.

Three KU-band transponders, with double the capacity of C-band transponders, will be dedicated to business communications, data networking and satellite news-gathering.

The satellite will help Doordarshan consolidate its dominant position in the region at a time of growing competition from television companies entering the Asian market.

Cable television has 80m viewers, compared with Doordarshan's estimated 250m-300m in India alone.

Doordarshan may tie up with international broadcasters and share its satellite platform under agreements similar to an existing arrangement with CNN, the international news channel.

The Indian broadcaster is talking to HBO (Home Box Office) and other international television companies.

Other state-owned corporations including the National Thermal Power Corporation, the Nuclear Power Corporation, the Oil and Natural Gas Commission, and the National Stock Exchange will use the satellite's 24 transponders.

WORLD TRADE NEWS DIGEST

Efta four in Baltic accord

The four remaining members of the European Free Trade Association, Iceland, Liechtenstein, Norway and Switzerland, yesterday signed free trade agreements with the three Baltic states. The accords with Estonia, Latvia and Lithuania, due to come into force next June, bring to 12 Efta's free trade pacts with third countries - 10 central and eastern European nations, Israel and Turkey. The Baltic accords provide for reciprocal duty-free market access for industrial goods, processed agricultural goods and fish and other marine products. As in other Efta free trade pacts, trade in the sensitive farm sector is left to bilateral agreements.

Today Efta ministers, meeting for the second day in the Swiss ski resort of Zermatt, will sign co-operation accords with Eygpt, Morocco and Tunisia. These accords, covering trade, investment and economic co-operation, may lead to a free trade area, Efta says. Efta, which this year lost Austria, Finland and Sweden to the European Union, has negotiated third country accords largely in parallel with the EU's Europe and association agreements. Three Efta nations, excluding Switzerland, are members of the European Economic Area – an 18-nation free trade zone in which goods, services, capital and labour circulate freely. *Frances Williams, Geneva*

EIB to finance Polish gas link

The European Investment Bank (EIB), the European Union's long-term finance arm, is prepared to finance up to 15 per cent of the cost of a gas pipeline across Poland linking Yamal peninsula natural gas reserves in Arctic Russia with western Europe, Mr Wolfgang Roth, EIB's deputy president said yesterday. The Polish stretch of the pipeline, expected to cost $2.5bn, is to be built and operated by Europol Gaz, a joint venture between Gazprom, the state owned Russian gas company and PGNiG, its Polish equivalent. Europol Gaz is seeking finance for the project.

The EIB is already financing the $3.2bn Midal-Stegal pipeline in Germany which links the Yamal pipeline to the German network and beyond to France. Commerzbank, which led commercial banks in a $940m funding of the Midal-Stegal pipe, is expected to play a prominent role in arranging funds for the Polish stretch, Mr Roth said. *Christopher Bobinski, Warsaw*

Contracts and ventures

■ Dumez and Bouygues of France have won contracts to build a toll motorway from Beirut to the Syrian border and part of a ring road around the Lebanese capital at a total cost of about $1.2bn. *Reuter, Beirut*

■ Scania of Sweden has won a contract worth SKr15m ($2.3m) to supply 100 motors for sugar cane cutting machines to Cuba. Scania described the contract as a "breakthrough in a new market, which has important potential in the medium term". *AFX News, Stockholm*

■ CAE, the Canadian electronics group, will make a C$7m ($5m) computerised transmission control system for Venezuela's Electricidad de Caracas. The CAE system will manage generation, network analysis and operations planning. Similar systems have been installed in the US, Egypt and Australia. CAE also has a power distribution management system operating in Caracas. *Robert Gibbens, Montreal*

■ Mitsui of Japan and Satake plan to launch a rice milling joint venture in Jilin province, north-eastern China, to handle nearly 42,000 tonnes of rice per year. Mitsui and Satake, a leading manufacturer of rice milling equipment, will team up with the grain authority of Jilin province to set up the $8m venture. *Reuter, Tokyo*

House acts in Gingrich tax probe

By Nancy Dunne in Washington

The House of Representatives ethics committee yesterday formally launched a search for an independent counsel to investigate a charge against Mr Newt Gingrich, speaker of the House of Representatives.

The ethics committee, which comprises five Republicans and five Democrats, voted unanimously late on Wednesday to appoint the counsel, limiting the investigation to a single charge that he violated tax laws by using tax-deductible donations to finance a political college course.

Mr Gingrich is the second speaker in history to come under fire for ethical improprieties. Mr Jim Wright, a Democrat, was forced to resign as speaker in 1989 after an independent counsel concluded that he had improperly accepted gifts from individuals with direct interest in legislation. Attacks by Mr Gingrich on the House floor led to the appointment of the independent counsel investigating Mr Wright.

The ethics committee cleared Mr Gingrich of wrongdoing in three complaints brought by members and rebuked him on two others. It questioned the appropriateness of his $4.5m book deal with HarperCollins, which was later renegotiated. It said he had violated rules by allowing a political adviser to use his office for unofficial purposes, and that he used the House floor to promote tapes of his course lecture. It did not recommend any punishment.

However, Mr Gingrich faces a greater threat to his political survival if the probe is broadened to include the more serious charges of illicit use of campaign contributions to a political action committee.

The committee's announcement followed a court filing last week by the Federal Election Commission alleging that a political action committee headed by Mr Gingrich in 1990, GOPAC, had violated election laws.

Congressman David Bonior, the House minority whip, will later this week ask the committee to investigate the matter.

The Federal Election Commission has released thousands of pages of documents as part of its charge that GOPAC illegally provided $250,000 for Mr Gingrich's re-election campaign and thousands more for others.

If the ethics committee finds a charge is proven it can take the matter before the entire House for a vote on a suitable punishment, which can vary from a simple reprimand to expulsion from office.

Aside from the ethical complaints, Mr Gingrich's combative style has generated high negative poll ratings, which have worried his supporters.

The conservative Evans-Novak political report, last week said Republicans have a begun to question whether the Georgia congressman – the architect of the Republican "revolution" – was an asset or a liability.

Gingrich: facing tougher times — Reuter

OBITUARY: James Reston

Influential US journalist who won two Pulitzers

Mr James B Reston of the New York Times, by common consent one of the most influential American journalists this century, died of cancer in Washington late on Wednesday at the age of 86.

Born in Clydebank in 1909 and thus widely known as "Scotty", Mr Reston began his career, typically for the times, as a sports reporter before joining the newspaper's London bureau on September 1, 1939, the day Germany invaded Poland.

But he was indelibly associated, before his official retirement on his 80th birthday, with his coverage of national and foreign affairs from Washington, serving as diplomatic correspondent, bureau chief and columnist, sometimes as all three simultaneously.

He won the first of his two Pulitzer Prizes for his exclusive stories on the Dumbarton Oaks conference of 1944 in the capital that led to the creation of the United Nations.

He was renowned for his tough interviews with and comments about domestic leaders and foreign statesmen. One, with Mao Zedong of China in 1971, marked something of a turning point in his own anti-communist thinking. But it was equally notable for being conducted almost as a conversation between equals.

For all his impeccable connections, Mr Reston was also known for his down-to-earth modesty and took great pleasure in owning and sometimes editing the [Martha's] Vineyard Gazette, the little paper he bought in 1968.

He was considered second to none as a judge of journalistic talent, recruiting many of the newspaper's great reporting names of the past 40 years.

Jurek Martin

South Korean airline charged

Korean Air Lines, South Korea's flagship airline, has been charged with making illegal campaign contributions to a California congressman by a federal grand jury, Reuter reports from Los Angeles.

Mr Jay Kim, a Republican and the first Korean-American to serve in Congress, allegedly received illegal donations in his 1992 campaign, according to the US Attorney's Office in Los Angeles.

The indictment charged Korean Air with making the contributions through two of its senior officials. US law prohibits its corporate and foreign national contributions in federal elections.

Korean Air Lines acknowledged the violation, which it described as "a case of a lack of understanding" of election rules.

Mr Eugene Mueller, the airline's legal and government affairs manager, said the company gave $5,000 to Mr Kim's 1992 campaign, but the campaign returned the money to the airline.

Mr Mueller said South Korea's airline was working with federal officials in an effort to arrange a plea bargain and expected to have to pay a fine.

Canadian markets welcome deficit pledge

By Bernard Simon in Toronto

Financial markets yesterday welcomed a commitment by Mr Paul Martin, Canada's finance minister, to make further cuts in the federal budget deficit.

The response was dampened by concern that Canada's already-heavy debt burden will continue to rise for several years, and by the prospect of a renewed drive for independence in Quebec.

Mr Martin pledged in a half-yearly economic statement to cut the deficit to 2 per cent of gross domestic product, or about C$17bn (£8.1bn) in the fiscal year ending March 31 1998. "My commitment to 2 per cent is rock-hard," he said. He also reaffirmed the target of a 3 per cent deficit-to-GDP ratio, or about C$24bn, in 1996-97.

The deficit target for the current fiscal year is C$32.7bn, but economists expect the final figure to be substantially lower, thanks to the recent decline in interest rates and an unused contingency reserve. The Canadian dollar was trading around 73.25 US cents yesterday morning, virtually unchanged from Tuesday. Mr Andrew Spence, economist at Citibank Canada, said the new deficit target was "pretty much what the market was looking for".

However, the threat of further political turbulence meant that "the window for the Canadian market to do better is a slim one". Secessionist forces in Quebec came close to winning an independence referendum in October. The separatists' plans are expected to become clearer when Mr Lucien Bouchard takes over as premier of the French-speaking province early next year.

Mr Bouchard indicated this week he would take firm action to improve Quebec's public finances, mainly through spending cuts. However, there is nervousness in Ottawa that he may call an early provincial election.

The OECD warned in its latest survey on Canada, published last week, that even if current federal and provincial fiscal targets were met, government finances "would remain vulnerable to a slowdown in the economy and changes in interest rates".

AMERICAN NEWS DIGEST

Nigeria cited for lost Shell deal

The council governing the Toronto metropolitan area has refused to award a £560,000 petrol contract to Shell Canada because of its parent company's involvement in Nigeria.

By a 17-15 vote, the councillors rejected Shell's bid to supply petrol for government vehicles even though it was the lowest of four bids. Shell's Anglo-Dutch parent group has been blamed for environmental damage in Nigeria's Ogoni region. Author Mr Ken Saro-Wiwa and eight other activists who protested against that damage were executed last month.

Environmentalists and human rights groups have called for consumer boycotts of Shell for not using its position in Nigeria to put pressure on the government. Shell says its presence in Nigeria benefits ordinary citizens as well as the military dictatorship. *PA, Toronto*

Argentine tax amnesty surprise

The Argentine government said yesterday it had received total commitments of $3.93bn under a tax amnesty programme by this week's deadline. The tax office said 276,089 people had signed on for the tax moratorium. The deadline, which ended on Tuesday, was extended several times by the government, which was surprised by the number of returns.

The amnesty was initially expected to yield only $1.2bn-$1.5bn in commitments. Different governments over the years have offered tax amnesties, and Argentines have become used to signing on, paying a few instalments and then defaulting. But for this amnesty taxpayers were required to sign promissory notes, giving authorities extra legal leverage over those who renege. *Reuter, Buenos Aires*

Mexico to cut some toll prices

The Mexican government said it would cut tolls on 28 highways from December 15 for some users, but left rates for private motorists untouched. "A programme of discounts will be applied to 28 concessioned highways across the country," the communications and transport ministry said. "These discounts will be on average more than 60 per cent of the rates currently paid by freight and passenger transport." The discounts "will not apply to vehicles of fewer than nine passengers, of less than four tonnes" or certain other cases.

It said the rates would be cut by a mixture of fiscal credits, cuts in rates charged at toll booths and restructuring of categories for trucks and buses, reducing the number of categories to four from 10. The new rates will be valid through March 31 next year and will thereafter be revised periodically, the ministry said. *Reuter, Mexico City*

Fresh step in Peru Brady deal

Mr William Rhodes, vice-chairman of Citibank, met yesterday with President Alberto Fujimori on the forthcoming Brady deal that will allow restructuring of Peru's $10.5bn commercial debt. Mr Rhodes handed over a draft which will form the basis for formal negotiations over details of the deal.

"This is the start of the second phase of negotiations," said Mr Rhodes. "It's one of the most detailed term sheets we've ever done, but we hope to get it out in the next few weeks." He said reconciling figures was the most complex issue, but there was "goodwill on both sides".

It is expected that Peru will formally sign a Brady deal with its Citibank-led creditors in the first half of next year. The deal should help the Peruvian private sector win access to much-needed financing. *Sally Bowen, Lima*

Venezuela to sell telephone stake

The Venezuelan government hopes to sell its 49 per cent stake in telephone company Anonima Nacional Telefonos de Venezuela in the first half of next year, said Mr Alberto Poletto, president of the Venezuela Investment Fund, the body reponsible for privatisation. *AP-DJ, Caracas*

■ Chile's foreign debt dropped to $21.08bn in October from $21.44bn in November, the Central Bank said. The debt stood at $21.47bn at the beginning of this year. *AP-DJ, Santiago*

Cuba discovers real estate development

But lack of experience has meant foreign investors have approached cautiously, writes Pascal Fletcher

When Cuba announced more than a year ago that it would allow foreign investment in local real estate, the move triggered an avalanche of inquiries from potential investors.

Many saw the Caribbean island as a tropical real estate developer's dream. They believed the communist government would be desperate to sell off choice tourist and residential sites, slices of beachside land and run-down colonial mansions at bargain prices.

But Cuba's entry into the world of real estate development has been not so much of a boom as a slow, cautious take-off.

So far, only one project – a Spanish-Cuban enterprise to transform an old commercial building into a modern office complex – is actually up and running. The new company, Aurea, is a joint venture between the Spanish finance group Argentaria and the office of Cuba's Official Historian.

Two other prospective deals, negotiations for which are reported to be well advanced, are a project by a Monaco-based French company, Groupe Pastor, to build residential condominiums for foreigners and a plan involving an Israeli group for commercial offices.

About 20 other projects are under study. Cuban officials say they have been inundated with proposals, ranging from plans to build apartment blocks and offices to more exotic variants such as dockland shopping malls and golf courses and tourist complexes sited on offshore keys.

One apparent reason for the slow pace of approved deals is that the Cubans, although they appear to be learning fast, started out with little experience in the real estate business. One investor recalled seeing a bulky real estate basic training manual on the shelf behind the Cuban official who was interviewing him. Others said they were quoted grossly inflated prices, well above the levels of other Caribbean cities or even Miami.

"It's a novelty," admits Mr Mario Travieso, general manager of the real estate arm of Inversiones Caribe, a new holding company linked to Cuba's ministry for foreign investment. For a hard currency fee, his firm will assess an investment proposal, offer consultancy, legal and other services, and put the foreign investor in touch with potential Cuban partners.

> After property development was opened up there was an avalanche of inquiries

Cuba's new foreign investment law, unveiled in September, stipulates that investors can "acquire ownership and property rights over . . . real estate". It adds investments should be directed at "housing and other structures destined for private residence or tourism activities" and "housing and offices for foreign companies".

But potential investors say the sector still lacks clear, modern regulations on property, land rights and other related issues such as mortgages. "We are working on a real estate law," Mr Travieso said.

The detailed regulations, which Mr Travieso says will also cover the sale of land, are expected to be out by mid-1996.

The current Cuban strategy does not for the moment contemplate individual purchases by foreigners of existing privately-owned houses. "The policy is not to sell buildings that exist, the policy is to build them," Mr Octavio Castilla, a deputy foreign investment minister said. Nevertheless, there is a flourishing, but illegal, private home-buying market on the island.

Mr Castilla said one government priority was to try to meet the growing demand for offices and homes for foreigners working in Cuba, whose numbers had swelled with the island's increased opening to foreign investment.

But where they can afford to do so themselves, Cuban companies are developing sites. A seafront office block that once housed the old State Committee for Economic Collaboration, a relic of Cuba's years as a Comecon member, will be renovated by the Cuban hard currency corporation Cubalse. Its 56 apartments will be rented or sold.

The pioneering Spanish-Cuban Aurea project is presented as a model for the kind of real estate development the government favours. Due to be completed in July next year, this is an $18m venture to restore an 84-year-old commercial building, the Lonja del Comercio in Old Havana. Aurea will convert the seven-storey building into a modern office complex, complete with shopping boutiques and an adjoining car park. The venture has a 25-year renewable lease to rent out the offices in hard currency.

The Argentaria group is also associated with a project presented to the Cuban government by the the Spanish state hotel chain Paradores de Turismo involving the renovation of several historic buildings for use as luxury hotels similar to the Spanish "parador" network.

COMMERCIAL PROPERTY

هكذا من الاصل

Victory over Cray is coup for Fujitsu

By Alan Cane in London

Europe's wayward weather may become a little more predictable over the next few years thanks to Japanese technology.

The European Centre for Medium-Range Weather Forecasts, based at Shinfield, about 60km west of London, is to spend £25m ($39m) over the next five years on a supercomputer from Fujitsu, Japan's leading computer manufacturer. The new machine, when completed in 1998, will be 25 times faster than the centre's existing computers.

The deal was signed yesterday by Mr Mikio Ohtsuki, Fujitsu's executive vice president and Dr David Burridge, the centre's director.

It is a spectacular coup for Fujitsu, which is replacing machines manufactured by Cray Research of the US, the undisputed world leader in supercomputing over the past two decades.

The deal is also a breakthrough for Japanese supercomputers in an application where Cray machines have had a stranglehold in the west.

The Shinfield centre is one of the largest in Europe and has traditionally installed the biggest and fastest computers to compute its mathematical model of the world's weather.

It also suggests that the Japanese have overcome prejudices voiced by scientists and engineers that their supercomputers look fast on paper but rarely fulfil their promise in operation. Fujitsu has now installed 250 systems worldwide.

Dr David Burridge, the centre's director, said the Fujitsu system offered superior price performance. "We are at an advanced stage in our plans to use the greater power of the new Fujitsu system to improve forecast accuracy by making better use of observational weather data, and also to make multiple forecasts of the global weather at higher resolution."

This means the centre should be able to give more details of weather variations in its short-range forecasts while making forecasts 10 days or so ahead with greater confidence.

Weather forecasting is one of the so-called "grand challenges" in computing which call for computing speeds in the region of 500bn calculations or more every second.

Dr Burridge said the centre now collects data from weather ships and other meteorological listening posts once every six hours to provide the basic information for the model. A 10-day forecast of the world's weather is run every day at noon.

With the new computer, it should be possible to feed in data continuously: "We will have a better handle on whether we can trust the forecast" he said.

Rail travellers in south-east England faced chaos yesterday as fluctuating temperatures defeated attempts by railway staff to keep lines open. Railtrack, the state-owned company responsible for maintaining track and signalling, said its de-icing trains had worked throughout Wednesday night spraying lines, but a slight rise in the temperature turned snow to *rain and washed the de-icing* fluid off the lines.

When the temperature dropped again, ice formed on the "third rail" which conducts current on lines in Kent and Sussex, depriving trains of power. Many commuters faced additional journey times of an hour or more. "These were peculiar circumstances," a Railtrack spokesman said. "The fluctuating temperatures undid all our hard work."

Mr Michael Cassidy, policy committee chairman at the Corporation of London, the municipal authority for the City, said the rail chaos reflected "either a lack of planning or of investment".

Tall exhaust stacks would clash with sweeping views of spires of ancient churches

'Gasman, spare that field' says farmer

By Robert Corzine in London

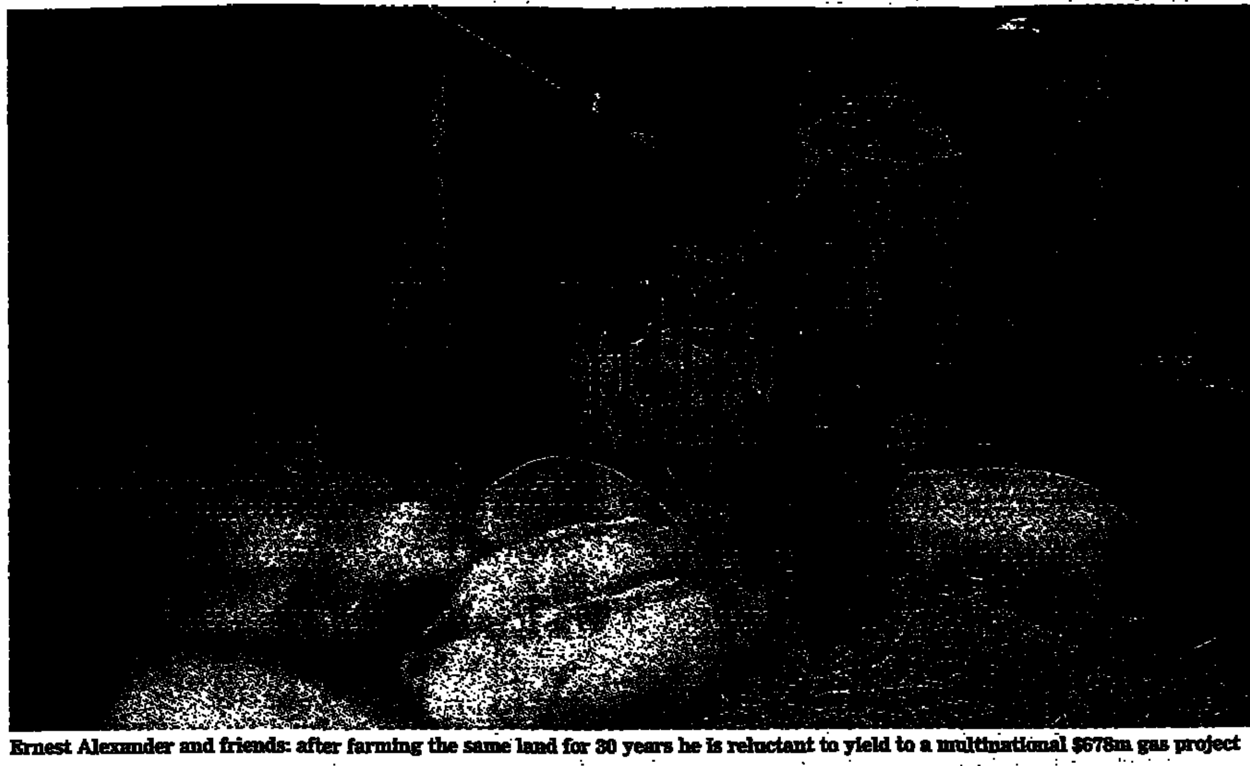
A pig farmer is proving to be one of the main obstacles to British Gas and its partners securing a £440m ($678m) project to link the British and mainland European gas grids.

The Interconnector consortium is dominated by British Gas and includes Gazprom, the Russian gas giant. The consortium yesterday filed an appeal with the UK Department of the Ennvironment over delays to its planning application to build a gas compression station on farmland at Bacton on the east coast of England.

The government says the compression station and pipe*line comprise the single most* important project to ensure the health of the UK offshore oil and gas industry. British Gas says it urgently needs the interconnector to export surplus gas that it cannot sell elsewhere and which threatens to undermine its finances. Mr Ernest Alexander, a tenant farmer who will lose 16 of his 90 acres to the proposed station, says it will be in the wrong place.

Mr Alexander, who was born on the farm 53 years ago and who has raised pigs, sugarbeet and cereals there for the past 30 years, would prefer that the station was not built.

But unlike many of his neighbours, he now accepts that it "has to come to Bacton," which already has three terminals processing gas from the southern North Sea and which is the starting point for high pressure pipelines that provide gas to London. But he and his neighbours agree that the hillside site chosen by the companies for the station is an unnecessary intrusion into open countryside.



Ernest Alexander and friends: after farming the same land for 30 years he is reluctant to yield to a multinational $678m gas project

They say that under the present proposal the plant's tall exhaust stacks would clash with sweeping inland views of the spires of ancient Norman churches. That view is shared by local councillors, whose recent deferral of a decision prompted yesterday's appeal by the Interconnector consortium. "We don't want it at all," says Councillor Mike Strong. "But if we have to have it, at least they should put it in the right place."

That, say local residents, should be in a nearby field bordering an existing British Gas terminal, even though the alternative site lies within a field designated by the government as an area of outstanding natural beauty.

Officials from the Interconnector, defend the original site. They say it was chosen because it is far enough away to ensure that noise from the plant would not disturb Mr Alexander and his pigs.

The station will house three large gas turbine engines of the type used on airliners, although heavy sound suppression means the background noise should be similar to that of a "quiet office," according to Mr Philip Nolan, managing director of the Interconnector. He says that the alternative site would bring the station within an unacceptable range of a another farm.

Mr Nolan yesterday said that the Interconnector group had not given up hope of finding a solution acceptable to both local residents and the companies involved. It is studying the technical viability of the alternative site, the results of which are expected before Christmas. "We prefer to talk," he said, "but we can't leave the current situation open-ended."

The consortium wants to begin construction in the spring to meet a target date for completion of October 1998.

Princess is accused of breaching royal protocol

By Kevin Brown, Chief Political Correspondent

The Princess of Wales appeared to have lost much of her support among Conservative MPs last night after sharing a platform with a Labour shadow minister to deliver a passionate speech urging better care for the homeless.

The princess won widespread support on the Conservative back benches two weeks ago after giving a frank television interview in which she admitted adultery and described palace officials as her "enemy".

However, a senior official of the executive of the 1922 Committee, which includes all Conservative backbenchers, said MPs were "very disturbed" about her decision to appear on a joint platform with Mr Jack Straw, the opposition Labour party's chief parliamentary spokesman on home affairs.

"This sort of thing is not on," the official said. "A lot of colleagues have been very sympathetic towards her, and people accept that she probably feels strongly about these things, but she ought to have known better."

The princess, who admitted in the television interview that that she hoped to become Britain's "Queen of Hearts," told a London conference convened by the Centrepoint charity that she was appalled by the dangers facing homeless young people.

"It is truly tragic to see the total waste of so many young lives – of so much potential," she said. "Every young person deserves a proper start in life, and those who have no family to turn to need to be able to rely on us as a society for the help and encouragement they need."

The princess's "extremely powerful and moving" speech was welcomed by Mr Charles Hendry, vice-chairman of the Conservative party and chairman of the Commons all party homelessness group.

But many Conservative MPs said that her decision to applaud Mr Straw came close to breaching the convention that the Queen and members of her family do not take part in politics.

Mr Tim Yeo, a former Conservative minister, said the princess was "running a hell of a risk" in appearing on a joint platform.

Mr Straw told the conference that sleeping rough on the streets was no longer the appalling exception it ought to be.

Visa to probe issuer of cards

By Peter Marsh in London

Visa International, the global credit card organisation, is investigating the legality of an Antigua-registered company which offers to issue Visa and other credit cards to people in the UK in exchange for $1,000 and without credit checks.

The $1,000 is held as "security" against loans for up to 80 per cent of that sum.

The venture, being operated by a group called Defender, is aimed at tens of thousands of people in Britain who cannot gain bank credit cards because of increasingly tight checks by issuing banks.

Defender is said by its UK representatives to be owned by US lawyers whose identities have not been disclosed. Defender says in sales documents: "We will guarantee the issue of a Visa credit card to anyone over the age of 18 without any credit checks and regardless of past credit history."

It is also eager to recruit agents interested in selling to other people "introductions" to banks issuing credit cards without carrying out stringent credit references. The agents collect commissions on selling these introductions.

Visa, a San Francisco-based organisation which processes credit card operations for 19,000 banks and has issued 424m Visa cards, said: "We are addressing the legal issues involved. We have nothing to do with Defender and we take this issue very seriously as only member banks can issue Visa cards."

Mr Stephen Humphries, a consultant employed to operate the Defender project in Britain, said: "We have checked out the legal side to this totally. We're comfortable with the product."

Mr Humphries said his company's sales literature had since been changed to delete the reference to Visa and talk instead about "internationally accepted" credit cards. However, the recorded message on Defender's information line yesterday still was offering Visa cards.

Accountancy Ernst & Young and Price Waterhouse consider shield against litigation

Firms consider 'offshore' switch

By Jim Kelly, Accountancy Correspondent

Ernst & Young and Price Waterhouse, two of the UK's Big Six accountancy firms, are considering "offshore" registration of their businesses to protect partners' personal wealth from litigation.

Both firms may soon decide to back plans to establish themselves as "limited liability partnerships", an option restricted in the UK. Possible "offshore" sites for the firms include the US, the Channel Islands or the Isle of Man.

It is understood that while the partnerships could be registered offshore they would be entirely resident in the UK and that any move should not affect the present system of regulation and taxation.

While the plans are at an early stage, and would need the backing of clients and partners, as well as government and regulators, they could lead to an eventual stampede of firms to overseas registration. UK accountancy firms have been investigating ways of limiting liability in the face of rising litigation. Insurance and damages awarded in the UK against the Big Six are estimated to be 8 per cent of turnover.

Limited liability partnerships do not solve all of the problems connected with the so-called "rush to the courthouse" – but they do protect the personal assets of partners from legal actions springing form the negligence of their partners.

Their planned move comes after the award on Wednesday of £105m ($162m) in damages against another big accountancy firm, BDO Binder Hamlyn, over advice given during a takeover.

Neither Ernst & Young or Price Waterhouse would comment yesterday but it is understood both plan announcements early next week.

The indications are that both have decided not to follow the example of KPMG – the Big Six firm which is to turn its audit arm for listed companies into a limited company.

However, it is known that both have put together schemes for incorporation - possibly of their entire partnerships. If plans to explore offshore registration run into trouble both could resurrect earlier options.

The only main alternative to "incorporation" is the limited liability partnership (LLP). In the US, the Big Six have already taken LLP status thanks to a new law passed in the state of Delaware.

US accountancy firms are also close to winning reform of joint and several liability – under which auditors can face damages for all the losses suffered despite being only partly to blame. In the UK, moves towards such reform are at a very early stage.

Liability nightmare stuns partners

By Jim Kelly

For the former partners of BDO Binder Hamlyn it has been the nightmare before Christmas. The £65m ($100m) claim for damages awarded against them on Wednesday – topped up to £105m with interest and costs – is £34m more than their insurance cover.

If the claim stood and survived the vigorous appeal planned by the partners, there is little doubt that it would eat into the personal assets of those involved. Financial ruin is unlikely but financial distress certain. None is thought to have personal insurance schemes to soften the blow.

For many of the 130 to 200 partners involved, the nightmare will last a long time. The firm plans an appeal but it could take more than a year to come to court. The real sense of shock at the firm's head office in London's Old Bailey is almost palpable. The only relief in sight would be an out-of-court settlement in the New Year.

But there was little sign yesterday that the firm does not believe in its case. Mr Adrian Burn, the senior partner, was unavailable for comment, but colleagues described his attitude to the claim as "robust" and "businesslike". One insider added: "In cases like this people always say they'll fight – but we will." Binder Hamlyn is first of all trying to get to grips with the issues. Experts have to read the 150-page judgment from Mr Justice May which threatens to bring calamity on the partners. They also have to work out which partners are liable to foot the bill if the claim sticks.

The situation is complicated by the fact that BDO Binder Hamlyn no longer trades as a firm. It is the predecessor of Binder Hamlyn, which does. The change came in October last year when parts of BDO Binder Hamlyn merged with Arthur Andersen Worldwide – the US-based global firm. Other provincial offices joined other large accountancy firms.

The sense of shock at the head office is almost palpable

It is still unclear whether all the former partners are liable. BDO Binder Hamlyn consisted of several regional partnerships. Lawyers are examining "where the liability bites". The total number of liable partners may vary between 130 and 200 - swinging the bill faced by each between £260,000 and £170,000.

But for now Binder's attention is focussed on the case. The heart of the case is a meeting in 1990 at which Binder's audit partner, Mr Martyn Bishop, is alleged to have given a verbal assurance to a company which planned to take over one of Binder's former clients.

The client was Britannia Security Group and the purchaser was ADT, the electronic security company. ADT is alleged to have based its purchase price on the information given by Mr Bishop. The auditor is alleged to have restated that the Britannia accounts for 1989 showed a "true and fair view".

Mr John Jermine, a director of ADT, told the High Court that at the crucial meeting Mr Bishop had told him that he had no reason to change his mind over the BSG accounts, which showed a true and fair view of the company's financial position.

Mr Justice May said: "I judged Mr Jermine's oral evidence to be generally quietly impressive and entirely credible. I was less impressed with Mr Bishop's credibility." He said that if Mr Bishop had qualified his statements on BSG, ADT would have taken stock. "The more serious the qualification, the less likely it would have been that ADT would have proceeded with the bid on the terms then contemplated." Binder's have strong views about the assumption that the audit partner had in this way picked up a "duty of care" to ADT, a company with which he had no contractual arrangement. Binder's said the confirmation had come in a "brief and informal meeting convened at short notice immediately after the bid was announced."

"The judge's conclusion means that the firm thereby assumed the same liability, in effect, as a reporting accountant employed and paid to make a detailed appraisal of the target company from its internal records for the purposes of the bid." Binder's found the finding "extremely surprising" - a view shared by many other firms.

The big accountancy firms knew the ADT case was in the pipeline. Ever since it broke they have been very careful that auditors did not inadvertently give a duty of care to companies in situations such as the bid for Britannia Security Group.

Many firms now insist that if auditors are going to give advice they obtain a "Hold Harmless Letter" - a written undertaking that the auditor will not be held liable for the advice. Binder Hamlyn's partners may pay the price for highlighting the problem. The profession will hope in turn that the firm wins its appeal.

Pressure to curb audit fees increases

Extreme downward pressure on audit fees was revealed yesterday in *Audit Fees of the UK* by JDH Consultants, Jim Kelly writes. This annual report provides a rare insight into the audit market by analysing the audit fees of 765 non-financial public limited companies.

Total fees to accountants in this sample amount to £555m ($855m) and combined sales of the companies to £626bn.

The survey again reveals extreme downward pressure on audit fees. Of the JDH sample, 31 companies changed auditor, with the result that audit fees fell in these cases on average by 31.8 per cent. This compares with a 28.25 per cent drop last year for those which changed auditor.

It is clear that companies are able to force down the cost of audit. Some of them appear to use the annual JDH report to beat down the price. Mr Dennis Henry, managing director of JDH, estimates that companies which bought the report last year have trimmed a total of £3m from their accountants' fees.

The recent inquiry by the Institute of Chartered Accountants in England and Wales into allegations that firms "lowball" – or use audit as a loss leader to get more lucrative work – found that there was no evidence of harmful effects of price-cutting on clients. But it did find that audits in some cases were being trimmed to the bare statutory essentials. There was also a perception that work for smaller audit clients was of poor quality.

Small companies appear to be getting a bad deal. The JDH report notes that: "There is again a distinct pattern of audit firms obtaining larger increases from the smaller clients and much smaller ones, or reductions, from the larger clients." In other words the big firms appear to be being squeezed by large clients, while in turn squeezing the smaller clients.

UK NEWS DIGEST

$2m aid cash goes to police in Nigeria

A total of £1.3m ($2m) in British overseas aid funds has been allocated to the training of Nigerian police, the Foreign Office disclosed in the House of Commons. Mr Jeremy Hanley, a junior Foreign Office minister, said the programme began in 1991, more than two years before General Sani Abacha's military regime seized power. It ran out last month at about the time of the executions of Mr Ken Saro Wiwa and eight other human rights campaigners.

The World Development Movement, a lobby group which campaigns on world poverty, described the training programme as "at best an ineffective waste of badly-needed aid, at worst the thumbs-up to brutal regimes which use the police to stay in power". It said the UK government had given £32m worldwide to train police forces between 1989 and 1994 compared with £7m for human rights groups.

John Kampfner, Westminster

Ministry is criticised over $4.6m fraud by official

The Ministry of Defence was criticised for failing to identify and reclaim all the money lost in one of the worst cases of government fraud, in which a corrupt official is thought to have received more than £3m ($4.6m). The House of Commons public accounts committee said the ministry had still not completed its inquiry into how a senior official, Mr Gordon Foxley, had managed to work such a massive fraud. Civil actions have already started against Mr Foxley, members of his family and three companies - Fratelli Borletti of Italy, Gebruder Junghans of Germany and AS Raufoss of Norway.

The committee called on the ministry to speed up its inquiry into how Mr Foxley influenced the procurement process, and to step up efforts to gain access to his Swiss bank accounts. The former director of ammunition procurement was convicted of 12 offences of receiving corrupt payments totalling £1.3m and jailed for four years in May 1994. The cash, believed to be closer to £3.5m, was paid by the three companies as bribes or secret commissions in return for ministry contracts. "We are concerned the department does not know what services Gordon Foxley provided for the corrupt payments," MPs on the committee said.

George Parker, Westminster

Tour operator halts sales through Thomas Cook

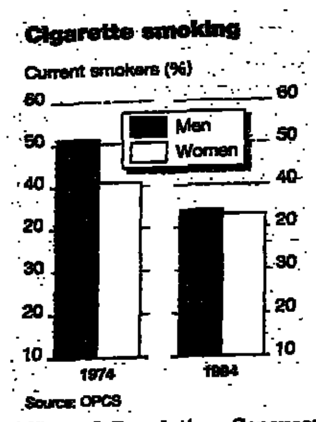
Thomson, the UK's largest tour operator, has stopped selling its holidays through Thomas Cook, the third largest high street travel agent, after a row between the two companies. Thomas Cook is a wholly owned subsidiary of Westdeutsche Landesbank. Thomson acted after a month-long dispute which is now in legal hands. The two companies disagree on the causes of the row.

Thomson discovered a memorandum from Thomas Cook advising its staff to offer alternative accommodation to customers requiring a Thomson "exclusive" property. Exclusive hotels are those that have been block-booked by a single tour operator. Staff were encouraged to sell alternative tour operators' accommodation – principally that of Airtours, Sunworld and First Choice – because of more favourable commission rates. Thomas Cook withdrew the memo and made an apology but Thomson says the policy continued in breach of Cook's agency agreement, leading to the decision not to accept bookings from Thomas Cook.

However, Thomas Cook said the disagreement centres on Thomson trying to force it to agree to an unacceptably inflexible agency agreement.

Scheherazade Daneshkhu, Leisure Industries Correspondent

Early 20s carry on puffing



The number of men and women in Britain who smoke has declined steadily over the past two decades for all age groups except for people aged 20 to 24. According to preliminary results from the 1994 general household survey carried out by the Office of Population Censuses and Surveys, only 28 per cent of men and 26 per cent of women were smokers last year and fewer than half of that group smoked more than 20 cigarettes a day. In 1974, 51 per cent of men and 41 per cent of men said they were smokers. But the survey revealed that 40 per cent of men aged 20-24 still smoke, which is unchanged from a decade ago and has actually risen slightly since 1990.

The number of women in that age group who smoke has also risen and now stands at 38 per cent compared with 36 per cent in 1984. However, 31 per cent of men and 21 per cent of women said that they used to smoke regularly but had given up.

Mark Suzman, Public Policy Staff

Leaning tower of London: Advisers to Parliament are satisfied London Underground is doing enough to control any undermining of Westminster's famous Big Ben clock tower from construction work to extend the Underground railway. "The tower slopes from the vertical by approximately one in 4,000 and is affected by Thames tidal movement and changes in ambient temperature," said Mr Ray Powell, chairman of the House of Commons works committee.

Update file

هكذا من الاصل

n surplus
'd as
rts flag

n for HK

Simon Holberton

IT'S
A CULT

PALACE

The private sector is funding an educational exchange programme between the UK and France, explains **David Buchan**

Entente Cordiale

France's business sector and its grandes écoles – trainers of the country's political, managerial and technical elite – are responding with surprising promptness to a new initiative to promote exchanges of young professionals and post-graduates with the UK.

The Entente Cordiale scholarships scheme, aimed at placing some 40 young French and Britons in each other's universities and management schools as early as next September, has public sector origins. It is the brainchild of Sir Christopher Mallaby, the UK's envoy to Paris, and was formally launched at October's summit meeting between President Jacques Chirac and Prime Minister John Major.

But its success is entirely dependent on the private sector and educational institutions of both countries. So far, the response has been rather one-sided, because the canvassing of schools and raising of funds started first on Sir Christopher's side of the Channel.

Some 30 companies have given firm commitments to provide £10,000-a-year scholarships for a minimum of five years. Most respondents so far are French – mainly firms with UK interests such as Lyonnaise des Eaux, Matra, and St Gobain – although British Airways is making its contribution in the form of 40 round-trips tickets.

Equally encouraging is the reaction of the grandes écoles, which do for France what regular universities do for other countries. In the timing of his initiative, Sir Christopher says: "We were fortunate that a number of the grandes écoles have, for their own reasons, decided that they wanted to become more international."

For most of the institutions, such as the Ecole des Hautes Etudes Commerciales (HEC), it is just a question of doing more of what they do already. HEC sends 120 students abroad each year, and receives around 130 in return; its chief links are with the London School of Economics, the London Business School and the universities of Manchester, Bristol and Warwick.

The Ecole Centrale de Paris, an engineering school, says it has had problems in organising exchanges with the UK in the past. Its exchanges under the Time programme (Top Industrial Managers for Europe) have not included the UK in the past – not because it considers Britain unEuropean, but because the standard three-year UK engineering course is shorter than its continental equivalents.

But it is the 200-year-old Ecole Polytechnique, known curiously as "X" (after the crossed swords on its crest), which is making the big change. The Polytechnique gives pupils a very intensive two-year course in all basic physical sciences – maths, physics, chemistry, computing – plus some social sciences, foreign languages and compulsory sport, and then sends them to specialise in laboratories or other grandes écoles.

Though polytechniciens can go where they like after their two-year course, they are required to repay the FFr300,000 (£40,000) cost of the two-year programme if they do not go on to an institute approved by the French government. "At present, there are no such government-approved technical institutes abroad," says Roland Sénéor, external relations director of X.

This is set to change, Sénéor says. "We have now submitted for the government's approval a list of 60 foreign institutions in some 25 countries. Unfortunately for the moment, only one UK institute, the London Business School, is on our list, mainly because of the difference in engineering courses."

Jacques Chirac and John Major: launched the Entente Cordiale scholarship scheme

The German touch

Christopher Parkes looks at relationship banking

Economies of scale may well ensue from the round of mergers currently racking US banking, but longer-lasting competitive advantages to counter the industry's long-term decline require a more subtle approach, according to a comparative study of management in American and German financial services.

According to Brent Keltner of the Santa Monica-based Rand Corporation, the bank that keeps its staff keeps its customers.

Cost-cutting, streamlining and technology are ultimately destructive if they effectively sever the links between the bank and its core customers, he argues in an article in *California Management Review*, published by UC Berkeley's Haas business school.

This, he says, is what has happened in the US where commercial banks have "shifted away from customer cultivation towards an emphasis on customer acquisition".

Their main sources of competitive appeal have become price and convenience. In the process the banks have lost contact with their most important source of market information: the customer. Opportunities to offer high-quality service and financial advice have been lost to independent fund managers and the like who may offer "specialist" services just as cheaply and conveniently.

German banks, on the other hand, have invested heavily in nurturing relationship banking. Even now, as they move towards rationalisation, managers are making painstaking efforts to avoid compromising relations with their workforces.

Keltner drafts a grim sketch delineating the failure of US depositary institutions – commercial banks and savings and loans (building societies) – to hold their share in traditional business sectors such as deposits, or build a respectable stake in fast-growing new areas such as mutual funds.

The picture is inverted in Germany where, Keltner says, the focus on relationships has helped banking maintain a stable share of the financial services market in spite of the effects of changes in regulations and consumer demands. For example, although deposits fell from 60 per cent to 48 per cent of personal assets in Germany in the decade to 1990, banks made up most of their losses through sales of bonds and life insurance.

Keltner, who interviewed more than 60 industry executives, dismisses the popular belief that German banks have held their ground because they are protected by barriers to competition. Allegations of greater conservatism among German consumers are only partly true, he says.

The most compelling of the "institutional" explanations for the different success rates between the two countries' banking systems is regulation, he claims. German depositary institutions can act as universal banks and can respond more flexibly to changing markets. States in the US, where banks can sell insurance and investment products, are still a minority.

Also to blame are the management strategies of US banks which have striven to build turnover volumes by appealing to the bargain-hunting, convenience-fixated US consumer.

To some extent, the German industry's direction has been determined by the influence that labour unions exercise over factors ranging from technology to opening hours. But it has also been influenced by management perceptions that a customer attracted by discounts or one-off offers is of questionable loyalty.

Accordingly, the German banking model involves assigning a single employee to tend each customer. Extensive branch and sub-branch networks further tighten the bonds. But personal contact with knowledgeable staff is the clincher in Keltner's account.

The drive to cut costs in US banks meant that by the early 1990s, some 50 per cent of branch-level staff were part-timers. Training has been cut and lasts about three to five days for a consumer credit officer, for example. Training of branch employees in several specialities is the exception, and qualified senior staff are typically poached from competitors.

In Germany, where banks spend two to three times as much on training as their US counterparts, where employment prospects are relatively stable and where 70 per cent of all promotions are made from within, annual staff turnover is 7 per cent.

The case for cultural diversity

Adrian Furnham divides the business world into four traditions

To all intents and purposes the business world is dominated by four sub-civilisations: the Saxon, Teutonic, Gallic and Nipponic. And partly due to the formal education and informal socialisation that every culture affords, they have diverse ways of reaching decisions.

Cultural diversity is a bit of a "flavour of the month" in management circles. Yet there is no doubt that national (and corporate) culture does have a powerful impact on business. Culture affects relationships, how we accord status, manage time and relate to nature. It also affects how we marshall evidence and make decisions.

The Saxon style fosters and encourages debate and discourse. Pluralism and compromise are overriding values, and there is often the belief, particularly in America, that the individual should be built up, not put down. Accepting that there are different perspectives and convictions, the general approach is that these should be debated and openly confronted so that not only a compromise but a synthesis be produced – a sum greater than the parts. The price of ecumenism is anodyne blandness.

This is quite different in Teutonic and Gallic traditions. First, less conflict is likely to arise because groups are often more homogeneous, being selected and socialised for being "sound on the salient issues". Teutons and Gauls love to debate, but not with antagonists, which would be considered a hopeless waste of time or an act of condescension. There is less tension-relieving humour – the tone is stiff and caustic.

The Japanese from the Nipponic tradition do not debate, partly through lack of experience and partly because their first rule is not to upset pre-established social relations. They respect authority and collectivist solidarity. Questions are for clarification and debate is a social, rather than an intellectual, act.

The British have a penchant for documentation; the Americans for statistics. Both believe that data (reality) unites and theory divides. The British are distrustful of theories and "isms" and "ologies": these are considered to be "sweeping generalisations". Reports, graphs, tables are seen as necessary back-up to support decisions.

The Germans like theories which are deductive in both senses of the word: that the theory may be deduced from other more fundamental principles and that it is fecund for practical deductions. It is not that they eschew data – quite the contrary – but they like to know the philosophical or economic model or theory that drives both data collection and decision making. The Gauls are impressed by the elegance of theories and approaches. The aesthetic nature of the argument is appreciated. The use of bonmots, double entendres, alliterations and allusions to obscure cultural artifacts are celebrated in, not shunned. For the Teutons it is rigor before elegance, but for the Gauls it is the other way round – the sound of words can be more important than their meaning.

The Nipponese might fear inconsistency, ambiguity and contradiction, but seem able to live with it. Arguments are less categorical and it is perfectly acceptable to see things as tentative, not fully formed. Ideas and theories are very cautiously elaborated with various kinds of excuses and apologies, for their incompleteness.

In decision-making groups, the Anglo-Saxons pretend they are all equal but different; the Teutonic leaders have to pretend that they have nothing much to learn; the Gauls that they are all irrelevant to each other; and the Nipponese that they all agree.

Given a proposition the Saxons ask: "How can you document or measure this?"; the Teutons want to know: "How can this be deduced from first principles?"; the Gauls, of course, wonder: "Can this be expressed in French?"; while the Nipponese approach is to ask: "Who is the proposer's boss?". It is no surprise therefore that courses on international management styles are so popular.

The author is professor of psychology at University College London.

CONTRACTS & TENDERS

ARTS

Discord at Bonn Opera

The current intendant has sued the city and won. **Andrew Clark** reports

Harmless butterfly or erratic autocrat? Giancarlo del Monaco's latest victory has a hollow ring

His German friends call him a "bunte Schmetterling" (brightly-coloured butterfly). Those who have fallen foul of his temper prefer less flattering epithets, such as Nero and the King of Uganda. The man in question is Giancarlo del Monaco – internationally-renowned stage director, intendant of the Bonn Opera and son of the great tenor Mario del Monaco. Del Monaco, 52, is not the type you expect to be running a German opera house. In a world dominated by Teutonic intellectuals and cool-headed administrators, he stands out as a hot-blooded Italian – autocratic, erratic and impulsive.

Del Monaco has just emerged victorious from a much-publicised legal tussle with his employer, the city of Bonn, with which he has been in almost permanent conflict since his arrival in 1992. Faced with severe budget restrictions, the city wanted to shave DM700,000 (£320,000) off Del Monaco's theatre subsidy for the current year. As the only intendant in Germany with financial guarantees in his contract, Del Monaco took the city to court and won.

But his victory has a hollow ring for the Bonn Opera. When Del Monaco's contract runs out in 18 months' time, the city's opera and drama companies are to be merged, with a much-reduced subsidy. An air of resignation has settled over the opera ensemble. Del Monaco talks of "rats leaving the sinking ship", as staff head for better prospects elsewhere.

The decline of the Bonn Opera stems largely from the German government's decision to move to Berlin by the end of the century. Since 1980, the company has relied on federal funding for 70 per cent of its DM42m subsidy. The aim was to give Bonn a cultural programme worthy of its status as the seat of government. But in spite of an influx of star singers and producers in the 1980s, the dream of a "Scala on the Rhine" never materialised, and after German unification the money began to tail off. Bonn is now preparing to revert to what it always was – a provincial backwater.

Del Monaco's critics say his "chaotic" style of management has contributed to the decline. They accuse him of putting his career as a stage director before his duties as a theatre manager, of allowing clan and family interests to influence artistic policy, and lacking the political and financial finesse to realise the company's potential. "He likes to be a one-man show, he can't work as a team," says a member of Del Monaco's administrative staff.

Some of these criticisms appear to be justified. Del Monaco started on the wrong foot by overshooting his budget before his first season had even begun. A series of prestige foreign tours, which he organised while the theatre was being renovated, resulted in further losses. Some of his co-production deals have been of questionable value, and he has traded on his friendship with Placido Domingo, inviting the tenor to conduct one-off performances and engaging Domingo's wife Marta to direct a new production. He has also refused to let the Bonn orchestra's new music director, Marc Soustrot, work in the theatre.

Nor has Del Monaco's explosive temperament endeared him to his ensemble. Some singers have broken their contracts, claiming he cast them in unsuitable roles and shouted abuse in public. "Giancarlo is intelligent, talented and full of good ideas," says the Viennese agent Michael Lewin, "but the way he treats his artists makes any form of cooperation difficult."

On the positive side, Del Monaco has fought to maintain Bonn's profile in a part of Europe where all cultural institutions are facing cutbacks. His programme has focused on Italian operas, mixed with controversial stagings of German classics like Ken Russell's *Salome* and a *Freischütz* designed by the left-wing Leipzig artist Werner Tübke. There has also been fruitful cooperation with Bonn's federal art gallery on a series of experimental new works.

German critics are divided. Some excuse the financial chaos of Del Monaco's first season on the grounds that the post of administrative director was vacant when he started. He has had to offer more performances than his predecessor, Jean-Claude Riber, but with less money. He is also credited with attracting some talented singers, like the Spanish baritone Carlos Alvarez. "But after the high hopes of his first season, when there were some good results, the standard fell," says Heinz-Dieter Terschüren of the Bonner Rundschau. "The company seems quite demoralised now. No one knows what to expect after he has gone."

Del Monaco blames Bonn's politicians for his problems, accusing them of philistinism and bad faith, and he denies rumours that he will break his contract and leave Bonn early. He defends his temperamental outbursts on the grounds that he has to work "like a split personality, constantly shifting from the highly-strung atmosphere of the stage to the mundane world of a theatre manager's office. People sometimes catch me when I'm a bit hot, but I think my work is honest. I speak clearly, everyone knows where they stand. I love my temperament."

Rebutting charges that he forced young singers into unsuitable roles, Del Monaco says he is "the son of the greatest Italian dramatic tenor of all time, and my mother was a soprano. I know what a singer should sing. I love my singers, I feel a responsibility to help them. Many of them don't have a proper vision of their own voice. It depends what you think is right and wrong, but I make theatre after my own conscience."

When Del Monaco finally clears his desk, he will be succeeded by Manfred Beilharz, currently in charge of Bonn's drama company. Given Del Monaco's record in Bonn and Kassel, where he had an equally stormy tenure in the early 1980s, his services as a theatre manager are unlikely to be in demand elsewhere in Germany, which has been his professional base for 30 years. But he will not be out of work. As a stage director he has guest contracts at the Metropolitan Opera and other major houses. There will never be a shortage of places for this particular butterfly to land.

Concert

In memory of John Smith

Along with a former prime minister, Conservative and Labour members of parliament shared the same benches on Wednesday night at St. John's, Smith Square. A few paces from the Palace of Westminster they had gathered for a concert that included a musical tribute to the late John Smith.

The tone of commemorative works like this is difficult to get right. It would have been fitting if the music could have reflected the sharpness of intellect which made John Smith such a witty speaker in the House of Commons, but that was not to be. The composer, Keith Burstein, settled for sentimentality. As a founder member of the "Hecklers", the group which booed performances of radical new music (most famously at Covent Garden), he made a name for himself in the media last year and also a few enemies along the way.

Some of them turned up at St. John's to let him know what they thought of *A live flame*, despite it being a piece *in memoriam*. Their tentative booing at the end must have surprised the dignitaries, not least because Burstein's music hardly seemed to warrant such a strong reaction. What he offered was a very English song cycle. Poetry by Keats, Graves, Gerard Manley Hopkins and rather too much by Burstein himself was coated without any distinction in the same thick and lush orchestral dressing – and all were drowned equally. The tenor, Richard Coxon, struggled to make himself heard, but only succeeded when somebody turned up his microphone half way through.

The musicians of London Musici, conducted by Mark Stephenson, risk failure by putting on adventurous programmes. Wednesday's concert also included a poorly-timed performance of Tippett's *Fantasia concertante on a theme of Corelli*, a more lively one of Maxwell Davies's *An Orkney Wedding, with Sunrise*, and – easily the most important event of the evening – the latest in their commissions of new music with dance.

Three dancers from Rambert Dance Company performed a symbolic scene of angels as our guardians. To an untutored eye their modern dance had a classical basis, which nicely complemented the music. Julian Anderson's score pays homage to Purcell in utilising many of the old master's compositional techniques and also, though this may not have been part of the plan, captures some of his rhythmic buoyancy and bright, clear textures. There was nothing overworked or didactic about the music. It simply provided the dance element with structure and atmosphere.

The next time, Anderson's *Three parts off the ground* for chamber orchestra may find that it can be performed successfully without the dancers and, if it is lucky, without unpleasant amplification as well. For London Musici the "Music, song and dance" season looks to have been a case of adventure rewarded.

Richard Fairman

Sponsored by GlaxoWellcome

Sex and the not-so-single

Alastair Macaulay reviews two new plays in Manchester and London

Ian Heggie's new play for the Manchester Royal Exchange, *An Experienced Woman Gives Advice*, is surprising. It is a sex comedy (a rare bird these days) with psychological interest (rare in sex comedies) and an ending neither sexy nor comic.

It is set in the gardens of some large multi-apartment house in a major Scottish city, and its protagonist is Bella, a 39-year-old teacher, who has been enjoying an agreeable sexual liaison with Kenny, a very attractive and much younger man. She wants to have her cake *and* eat it *and* cut down her calorie intake. She says she wants a bit more space than Kenny has been giving her; but she is none too happy with the idea that work could take him to London; and meanwhile, for the rainy day when finally he does move on, she has been secretly saving a previous, older, lover – called Stick – with whom she hopes to end up happy ever after, but *only* after she has had a lot of other happiness.

As the title suggests, she is an experienced woman who often gives advice to others; but she will be considerably more experienced, and possibly in need of advice herself, by the end of the play.

Kenny has taken her point about allowing her more space seriously. As she discovers on the morning of Act One, from a stranger, Nancy, Kenny was out last night, making love to – oh dear – Nancy. Nancy and Kenny have different versions of what happened, however; and indeed Nancy produces more than one version of the state of her virginity during the course of the play. Meanwhile, another stranger, Irving, is jealous of Kenny's success with Nancy; and compensates by pursuing Bella… And that is just Act One. By Act Three, several further permutations have occurred; and much has happened in the garden shed that is not horticultural.

The great charm of the play is its spontaneity. Things keep happening, some dismaying and some hilarious. The central situation of the play is one of immense irony – Bella is so much more experienced than the three youngsters with whom she is embroiled – and yet the play proceeds with a kind of innocence. Sex is much on everyone's minds here, and they keep on finding it both exciting and fun.

Matthew Lloyd has directed, and Laurie Dennett has designed a garden set that, for the Royal Exchange's in-the-round space, is unusually elaborate. Siobhan Redmond, who plays Bella, has become a greatly more relaxed stage artist than in her appearances with the Renaissance company a few years ago. She is still – in slight tricks of voice, mouth, and eyes – a little too arch and posey; but she holds the centre ground of the play with appealing assurance. Jenny McCrindle, who does not always speak clearly enough, is also rather too contrived at times, but her Nancy has the right mixed-up gauche forcefulness. As the pretty Kenny, David Tennant is very winning. Everything has such youthful energy that you know full well why Bella wants to hang onto youth while she can.

★

Every ancestor I ever had was a Scots farmer, and I hope to heaven that none of them ever spoke like the Scots farming folk in *Knives in Hens*, by David Harrower now showing at the Bush Theatre. Of a field: "In all my years I've never seen it cheat or be stubborn or hold a grudge like others… All that's me on a circle of out-bye grass. Red. Wet. Rabbit hearts tied up with cow's saliva." And so forth.

The first 30 minutes of this 75-minute play are so artfully primitive in their language, and so torpid, that it comes as a surprise when the play slowly becomes absorbing. We even come to realise, in retrospect, that all the static opening scenes were in fact dramatically useful.

Knives in Hens tells, in its highly neo-primitivist style, the tale of one farmer's wife. She questions her husband, she studies nature, she investigates language, she listens to the miller. The miller teaches her writing; and adultery; and then she and the miller do away with her husband. But what she learns is not love, or even literacy, but independence and self-fulfilment. It is the miller, at the end of the play, who leaves the community and her. The feminism of *Knives in Hens* is impeccable.

Impeccable feminism in neo-primitive style: Lewis Howden and Pauline Knowles in 'Knives and Hens', David Harrower's new play — Alastair Muir

The staging, by Philip Howard, has perfect simplicity. The three actors scarcely employ any facial expressions, and this modernist style renders their characters nicely inscrutable. We hang on their words and deeds with heightened interest. Martyn Bennett plays brief interlude music in a range of musical styles, some of them beautifully evocative of Scots folk spirit. Pauline Knowles (the young woman), Lewis Howden (her husband) and Michael Nardone (the miller) all deliver their roles handsomely. Harrower's play – first performed at Edinburgh's Traverse in June – is his first professional production. As a picture of women in Scots agriculture, it somewhat resembles Sue Glover's immensely touching *Bondagers*. But, in its partly ponderous and partly stirring way, it eventually means to study a more basic human situation: the gradual emergence of the independent female mind.

An Experienced Woman Gives Advice is at the Royal Exchange, Manchester, until December 16; *Knives in Hens* is at the Bush Theatre, London W12, until December 23.

INTERNATIONAL

ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Richard Goode: the pianist performs works by Beethoven, Brahms, Mozart and J.S. Bach; 8.15pm; Dec 9

■ BERLIN

CONCERT
Philharmonie & Kammermusiksaal
Tel: 49-30-254880
● Roméo et Juliette: by Berlioz. Concert performance by the Deutsches Symphonie-Orchester Berlin with conductor Roger Norrington, the Rundfunkchor and the RIAS-Kammerchor. Soloists include Kathleen Kuhlmann, Michele Pertusi and Howard Cook; 8pm; Dec 10, 11
● Symphony No.2 (Resurrection): by Mahler. Performed by the Berliner Philharmonisches Orchester with conductor Claudio Abbado, the Rundfunkchor Berlin and the Ernst-Senff-Chor. Soloists include Barbara Bonney and Waltraud Meier; 8pm; Dec 13, 14
OPERA & OPERETTA
Komische Oper Tel: 49-30-202600
● Il Trittico: by Puccini. Conducted by Shao Chia Lü and performed by the Komische Oper; 7pm; Dec 12

■ COLOGNE

THEATRE
Schauspielhaus & West-end-Theater Tel: 49-221-2218400
● Die Jungfrau von Orleans: by Schiller. Directed by Torsten Fischer. The cast includes Jacqueline Kornmüller, Sophie von Kessel and Birgit Walter; 7.30pm; Dec 9

■ DRESDEN

OPERA & OPERETTA
Sächsische Staatsoper Dresden
Tel. 49-351-49110
● Lohengrin: by Wagner. Conducted by Siegfried Kurz and performed by the Sächsische Staatsoper Dresden. Soloists include Siegfried Vogel, Klaus König and Luana DeVol; 5pm; Dec 10

■ EDINBURGH

THEATRE
Edinburgh Festival Theatre
Tel: 44-131-5296000
● Look At Me When I'm Talking To You!: featuring Barry Humphries as Dame Edna; 7.30pm, Dec 16 also 2.30pm; from Dec 11 to Dec 16

■ FRANKFURT

THEATRE
Schauspielhaus
Tel: 49-69-21237444
● Der Besuch der alten Dame: by Dürrenmatt. Directed by Thomas Schulte-Michels, starring Eva Gosciejewicz; 7.30pm; Dec 9

■ HAMBURG

EXHIBITION
Hamburger Kunsthalle
Tel: 49-40-24862612
● Bilderrahmen: exhibition devoted to picture frames, their history and the way in which they reflect the prevailing taste of the era in which they were made; from Dec 13 to Apr 28
OPERA & OPERETTA
Hamburgische Staatsoper
Tel: 49-40-351721
● Rigoletto: by Verdi. Conducted by Elio Boncompagni and performed by the Hamburg Oper. Soloists include Hellen Kwon, Martin Thompson, Alain Fondary and Carl Schultz; 7.30pm; Dec 9, 12

■ HELSINKI

OPERA & OPERETTA
Opera House Tel: 358-0-403021
● Don Carlos: by Verdi. Conducted by Eri Klas and performed by the Finnish National Opera; 7pm; Dec 10, 13 (2pm), 15, 19

■ LEIPZIG

CONCERT
Gewandhaus zu Leipzig
Tel: 49-341-12700
● Peter Schreier: accompanied by pianist Christine Schornsheim. The tenor performs works by Beethoven and Mendelssohn; 8pm; Dec 12

■ LONDON

CONCERT
St. John's, Smith Square
Tel: 44-171-2221061
● Medici String Quartet: perform works by Janácek and Haydn; 1pm; Dec 11
Wigmore Hall Tel: 44-171-9352141
● Emma Kirkby: accompanied by Lars Ulrik Mortensen on harpsichord. The soprano performs works by Handel, Babell, Greene and Scarlatti; 5pm; Dec 9
DANCE
Royal Opera House - Covent Garden Tel: 44-171-2401200
● Twyla Tharp Rossini Ballet: world premiere of a full-evening, three-act ballet, choreographed by Twyla Tharp to music by Rossini, performed by The Royal Ballet; 7.30pm; Dec 9 (7pm), 15, 18, 20

■ MUNICH

OPERA & OPERETTA
Nationaltheater
Tel: 49-89-21851920
● Die Frau ohne Schatten: by R. Strauss. Conducted by Horst Stein and performed by the Bayerische Staatsoper. Soloists include Robert Schunk, Luana DeVol, Marjana Lipovsek and Harry Dworchak; 6pm; Dec 9, 13

■ NEW YORK

CONCERT
Avery Fisher Hall
Tel: 1-212-875-5030
● Philadelphia Orchestra: with conductor Riccardo Chailly and pianist Jean-Yves Thibaudet perform Ravel's "Alborada del gracioso" and "Piano Concerto in G", and Rachmaninov's "Symphony No.2"; 8pm; Dec 13
OPERA & OPERETTA
Metropolitan Opera House
Tel: 1-212-362-6000
● Un Ballo in Maschera: by Verdi. Conducted by Mark Elder and performed by the Metropolitan Opera. Soloists include Deborah Voigt, Francisco Araiza and Leo Nucci; 8pm; Dec 9, 14

■ OSLO

DANCE
Norske Opera Tel: 47-22-429475
● The Nutcracker: a choreography by Bjoern to music by Tchaikovsky, performed by the Norwegian National Ballet; 6pm; Dec 9 (3pm), 12, 13, 15, 16 (12noon), 19, 20

■ PARIS

CONCERT
Théâtre des Champs-Elysées
Tel: 33-1 49 52 50 50
● Ensemble Orchestral de Paris: with conductor Jerzy Semkov and pianist Brigitte Engerer perform Beethoven's "Coriolan" and "Piano Concerto No.5", and R. Schumann's "Symphony No.4"; 8.30pm; Dec 12

■ SAN FRANCISCO

OPERA & OPERETTA
War Memorial Opera House
Tel: 1-415-861-4008
● Madama Butterfly: by Puccini. Conducted by Donald Runnicles and performed by the San Francisco Opera. Soloists include Yoko Watanabe, Catherine Keen and Richard Margison; 2pm; Dec 9

■ STOCKHOLM

OPERA & OPERETTA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● La Traviata: by Verdi. Conducted by Kjell Ingebretsen and performed by The Royal Swedish Opera; 7.30pm; Dec 11

■ STUTTGART

DANCE
Staatstheater Stuttgart
Tel: 49-711-221795
● Stuttgart Ballett: perform the world premiere of the choreographies "Metaforen" by Van Manen, "Pas de deux" by Thoss, and "Orpheus" by De Oliveira; 7.30pm; Dec 9, 10, 13, 19

■ VIENNA

CONCERT
Konzerthaus Tel: 43-1-7121211
● Till Eulenspiegels lustige Streiche: by R. Strauss. Performed by the Wiener Symphoniker, conducted by Gerd Albrecht; 7pm; Dec 12
Musikverein Tel: 43-1-5058681
● Chamber Orchestra of Europe: with conductor Herbert Blomstedt and mezzo-soprano Anne Sofie von Otter perform Haydn's "Symphony No.67", Brahms' "Symphony No.4" and arias by Gluck; 7.30pm; Dec 10

■ WASHINGTON

CONCERT
Concert Hall Tel: 1-202-467 4600
● I Musici: perform Corelli's "Christmas Concerto", Vivaldi's "Violin Concerto in E major" and "The Four Seasons", and Rolla's "Divertimento in F major"; 5pm; Dec 9

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)
MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets

17.30
Financial Times Business Tonight

Midnight
Financial Times Business Tonight

Philip Stephens

It was ever thus

British gloating at French woes is an ancient pastime but the latest outbreak is being driven by political expediency

Victor Hugo defined the terms of Anglo-French relations. Wellington's defeat of Napoleon at Waterloo, he observed, "represents the complete, absolute, dazzling, incontrovertible, definitive and supreme triumph of mediocrity over genius". So it has ever been, the English claiming victory, the French never ceasing to doubt their innate superiority.

We should not be surprised therefore by the smug satisfaction which has settled on the English establishment as it views the crisis engulfing Jacques Chirac's government. Nothing is so calculated to stir the secret delight of the English ruling class as the sight of a French president humbled by a mob on the streets of Paris.

No matter that just a few months ago John Major spoke of the breath of fresh air that Mr Chirac had brought to the Elysée. There was gushing talk in Downing Street then of a new *entente cordiale*, the rebuilding of a partnership which would restrain the ambitions of Germany. Mr Major went so far as to isolate himself within the Commonwealth by backing the resumption of French nuclear testing in the Pacific.

That was before Mr Chirac, bowing to his country's political elite, reasserted the primacy of European monetary union and, with it, the Franco-German alliance. Unsurprising that now the president is in trouble, the old rancour has resurfaced on the other side of the Channel. These days, 'mercurial' is the label most frequently attached to Mr Chirac in Whitehall. Ministers tend to be less diplomatic. So a week before the European Union's Madrid summit, we are back on familiar territory. Mr Major casts around for a new ally in Lamberto Dini of Italy. Jacques Chirac and Helmut Kohl meet to ease the undoubted strains in the Paris-Bonn axis.

In smart Tory drawing rooms, France's come-uppance is seen as long overdue. François Mitterrand, the former president, treated Margaret Thatcher's economic revolution with calculated, and infuriating, disdain. She could privatise and liberalise as much as she wished. The French state would not bend its knee before the markets. Britain, one French diplomat once told me, might be content to rely on the generosity of a grocery magnate to pay for an extension to its National Gallery. In France, these things were done properly. Witness the grandeur of *Le Pyramide*.

Grandeur and hauteur in equal measure. I recall well Mrs Thatcher's visible frustration during the celebrations in Paris a few years ago to mark the bicentenary of the French revolution. She had been 10 years in office, the architect of her own, relatively peaceful, revolution. But here she was sidelined, queueing behind the leaders of a dozen former French colonies to shake the hand of Mr Mitterrand.

For her successor in 10 Downing Street, of course, there was a more wounding indignity. Sound money had been the Conservatives' clarion call. When sterling was driven from the European exchange rate mechanism on Black Wednesday, Mr Major was certain the franc would soon follow. It nearly did. But nearly was not enough. Britain had devalued. France had beaten the speculators.

> George III would wander the precincts of Windsor Castle exhorting the schoolboys of Eton to 'hate the French'

Serious students of the subject know that the relationship is peppered with such jealousies. Scores are documented in a recently published book by Robert Gibson, a French scholar at the university of Exeter. His engaging account chronicles a relationship infused over the centuries with love, hate and suspicion in equal measure. Thus George III would wander the precincts of Windsor Castle exhorting Eton schoolboys to "hate the French". And Mr Mitterrand's assessment of Mrs Thatcher was merely an echo of that of Louis XV's foreign minister, the Marquis d'Argenson. "Everything is a matter of money for the English," he remarked. "They think of nothing else."

Back to the present. Whatever the history, something strange has happened when the fulcrum of Mr Major's European policy rests on the hope that Mr Chirac will stumble. I do not ascribe to the prime minister the trivial chauvinism of those in his party who still take George III at his word. It should also be recorded that there are senior ministers, Kenneth Clarke and Gillian Shephard among them, who are as bemused as I am by the notion that British policy in Europe should be predicated on French failure.

No one should doubt this is the case. The mood in Whitehall's corridors of power fluctuates according to the latest assessment of whether France will meet the Maastricht criteria for participation in a single currency. A few weeks back, when Alain Juppé secured Mr Chirac's support for a programme of fiscal retrenchment designed to do just that, a pall of gloom descended. The latest industrial strife has made ministers and mandarins smile again.

Of course, Mr Chirac is not blameless. Listening to the trade union leaders defending their stand against the proposed overhaul of France's welfare state, one cannot help agreeing that they have a better claim to consistency. Mr Chirac won the presidency with the promise of a decisive strategy to reduce unemployment. Nothing was said then of deep cuts in the social security system.

It is true also that France has deferred too long the modernisation of its economy. Behind the apparent success of its state-owned industries is a story of failure deferred. The existing framework of social provision is unsustainable over the long term. The creaking financial structure of the defence industry is one among many harbingers of a looming day of reckoning for state-owned businesses.

But, as Samuel Brittan pointed out in the FT yesterday, such past errors cannot justify the perverse glee which greets each escalation of the industrial conflict. Have we really reached the point where British Conservatives would back communist-led unions rather than see France strengthen its alliance with Germany?

It seems so. The reasoning runs as follows. The imperatives of Tory party unity demand that Mr Major adopts an entirely negative position at the EU's 1996 intergovernmental conference. Isolation is inevitable. Equally his cabinet is deadlocked over whether to rule out sterling's participation in economic and monetary union. But wait. If Mr Chirac fails, with one bound Mr Major would be free. There would be no single currency and the European federalists would be obliged to abandon their ambitions for the IGC.

It could happen. I suspect it will not. Nor would Britain's long-term interests be served by the turmoil in Europe which would follow a fracturing of the Franco-German alliance. Either way, how sad it is when nations live up to their stereotypes. Perfidious Albion.

Robert Gibson, Best of Enemies. Sinclair-Stevenson, £25

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'), e.mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Emu will strengthen Europe's position in world

From Dr Horst Mahr.

Sir, On my return from a business trip to Asia I found it depressing to read your editorial "Waigel's Emu conditions" (November 14) complaining about ambitious convergence criteria. And the comments by Mr Neil Kinnock, the European transport commissioner, about the unrealistic date of 1999 as the date for monetary union were almost shocking ("Kinnock breaks ranks with Brussels on Emu", November 28).

Why don't you use your intellectual capacity to write and to fight for further integration of Europe, which is the only option we have for the future of our children? The convergence criteria are ambitious, yes, but reducing inflation, budget deficits and debts benefits the man in the street. Even the weakest backbencher can therefore agree to them.

There is still time for core states to fulfil the convergence conditions. After 2002, the common European currency, the Euro, will be stronger than the D-Mark today. Big investors – in Asia, for example – will partly leave the US dollar and invest in the Euro. But London will keep its unique position as an investment centre only if the UK becomes a member of Emu from the beginning.

Emu will also be a step forward to political union, which will give Europe weight in the world again. One feels ashamed that the Bosnia peace process has to be agreed in a US Air Force barracks rather than one of London's splendid halls. Britain can and should play an important role in Europe, but without the backing of a powerful united Europe it would only lead to an "Alice in Wonderland" policy.

Why not relinquish the position of cunctator and instead try to convince your readers, all of them opinion leaders, of the real vision of a united Europe?

Horst Mahr,
executive vice-president,
Baden-Württembergische Bank AG,
Kleiner Schlossplatz,
D-70173 Stuttgart,
Germany

Reapportion gas legacy

From Mr Richard V. Giordano.

Sir, In your leader "Gas deadlock" (December 7) you suggest that British Gas should pay the price for its unwarranted presumption in relation to long-term gas contracts, but this overlooks some very important facts.

Before and immediately after privatisation, British Gas, as a monopoly supplier to the UK market, was obligated to purchase gas to meet the requirements of the entire UK gas market under the most demanding weather conditions.

In order to meet those requirements, we entered into many agreements for the purchase of gas on the basis of anticipated and minimum annual contract quantities. If demand falls below these minimums, we are required to pay for the gas whether it is taken or not.

These "take or pay" contracts were appropriate, and indeed necessary, to meet our legal obligations under our licence to supply this market. When the Gas Act becomes effective on February 1 1996, our supply obligations will end, but our "take or pay" agreements remain.

The costs of these contracts are a legacy of the move from a monopoly to a competitive market and should therefore be fairly apportioned in relation to these significant changes.

What we need is a solution that is fair to all parties, including a renegotiation of these outdated contracts, so that consumers can reap the benefits of further decreases in the price of their gas.

Richard V. Giordano,
chairman,
British Gas,
Rivermill House,
152 Grosvenor Road,
London SW1V 3JL, UK

Unido sets pace of UN agency reform

From Mr Mauricio de Maria y Campos.

Sir, Your editorial, "Unidon't" (December 5) makes certain assertions about our organisation that we feel have missed the mark, primarily those on our role and the progress of our reform. The reform process that you recommend should now take place has, in fact, been in progress for almost two years and was launched initially to adjust Unido's services to new economic realities.

Without exaggeration, I can say that Unido has led the very reform movement within the UN that the US has so forcefully advocated in recent years, making it one of the most focused and efficient of UN agencies. The results to date have been more than credible. We have seen an increase of nearly 20 per cent in project delivery between 1994 and 1995, while our project approvals have increased by more than 25 per cent simultaneously.

However, the most important measurable result of our reform is that, thanks to process re-engineering and administrative savings, Unido has presented a budget with a 25 per cent reduction and, at the same time, ensured that relevant programmes maintained their substantive capabilities. What other organisation in the UN system is showing these high marks?

Despite our numerous achievements, I feel that we have been misunderstood by outdated perceptions perpetuated in recent reports on the UN, ignorance of Unido's reforms and refusal to recognise the importance of industrial development in the post-cold war era.

Unido's programmes are more relevant than ever. They are focused on fostering competitiveness, quality standards, cleaner production, privatisation, small- and medium-scale enterprises and human resource development. In fact, the UK has today issued a statement confirming its continued commitment to Unido. This is only one of the many positive comments we have received during our general conference this week from our member states.

I sincerely hope that, during the course of the statutory year in which the US has given notice to withdraw from Unido, it will reassess its potential role with us and decide to remain a member. I also hope your readers, who we feel have been misled by your editorial, will now take time to re-evaluate Unido and its role.

Mauricio de Maria y Campos,
director-general,
United Nations Industrial Development Organisation,
Vienna International Centre,
PO Box 300,
A-1400 Vienna, Austria

Scepticism over brotherhood's protestations

From Mr Courtney W. Howland.

Sir, James Whittington's article, "Mubarak cracks down on Islamists" (November 24), complains that the Egyptian government has "lumped" the Moslem Brotherhood with such groups as al-Jihad "despite protestations from the movement that it had nothing to do with them".

Mr Whittington seems to be unaware of the history of al-Jihad. Al-Jihad was established as, and remains, a loose network of several groups committed to the jihad tradition of overthrowing any government based on *jahiliyya* (ignorance of Islam or wilful unbelief) and establishing an Islamic state. Organisations within the al-Jihad network have often split away and regrouped under similar titles, such as the Jihad Organisation. The Moslem Brotherhood has had a variety of connections to such jihad movements.

Thus in the early 1970s Salih Sirriya, a Palestinian member of the Jordanian Moslem Brotherhood, arrived in Egypt and, after making contact with the Egyptian Brotherhood, formed the Islamic Liberation Organisation (ILO). After ILO attacked and raided the military academy, a number of participants were jailed and Sirriya executed. Some of his followers formed regional groups which became part of al-Jihad.

According to the scholar Gehad Auda, director of the Centre for Political and International Development Studies, Cairo, the loose alliance of groups of the Jihad Organisation included from its beginning in 1979-80 a faction of the Moslem Brotherhood, and also remnants of Sirriya's group.

Factions of the Moslem Brotherhood have floated back and forth within an interlocking network of organisations. Consequently, it may be hasty to take at face value the brotherhood's self-serving protestations that it has nothing to do with al-Jihad.

Courtney W. Howland,
senior fellow,
International Rule of Law Centre,
George Washington University Law School,
720 20th Street NW,
Washington DC 20052, US

Personal View · Carl Bildt

Military force is not enough

The most vital task for today's London conference is to implement the Bosnia treaty

Carl Bildt: 'What happens in Sarajevo will be crucial'

The history of international efforts to deal with the conflict in Bosnia can be viewed as the history of the various conferences assembled in London to mobilise support for important actions.

The first such conference, in August 1992, gave the go ahead for humanitarian measures that saved the lives of tens of thousands of Bosnians and ensured the survival of the Bosnian state. It also saw the launch by the United Nations and the European Union of a joint effort to find a comprehensive negotiated settlement.

The conference in July this year took the decision to use air power on a more extensive scale than previously. It was after this conference that European leaders urged President Bill Clinton to commit himself to a credible political strategy for settling the conflict.

The most important task facing the latest London conference, beginning today, will be to implement the *Elysée* treaty that emerged from last month's negotiations in Dayton, Ohio, between Bosnian, Serbian and Croatian leaders. It will be judged by whether it results in more than just a military partition of the country, or a mere pause before a resumption of the conflict.

Since Dayton, much attention has been focused on the military aspects of that agreement, under which 90,000 troops from Nato members and other countries stationed in the region will act as a buffer between the two so-called "entities" in Bosnia.

Separating the Serb republic from the Moslem-Croat federation will be important and difficult. But it is likely to be much less difficult than attempts to implement the political and civilian aspects of the deal, which are the real keys to securing peace.

Even if the military side of the deal succeeds, Nato forces will leave the country effectively partitioned if the political and civilian side fails.

In all probability, that would be no more than a pause before another round in what has been a protracted war. Implementation of the military side is the key to stopping the war, but implementation of the political and civilian aspects is the key to creating conditions for a genuine peace.

The experience with the federation formed between Bosnia's Moslems and Croats in 1994 is a sobering one. Agreements have been signed without being implemented. It is only in the last few days, for example, that the divisions between the two sides that have split the city of Mostar have shown signs of easing.

There are still too many on both sides who give the impression of seeing peace simply as a continuation of war by other means – and find it difficult to accept the reconciliation needed if Bosnia is to survive. Without an active reconciliation effort from both sides, there will never be more than an absence of war in Bosnia.

What happens in and around Sarajevo will be crucial. There are probably around 100,000 Serbs in parts of Sarajevo that will be transferred to the Moslem-Croat federation.

If they fear that they will be discriminated against, or threatened in any way, by the Bosnian government, many are likely to flee the city.

A large-scale movement of refugees out of Sarajevo would be a serious blow for the Bosnian government, marking a failure to build confidence in its vision of a multi-ethnic and multicultural Bosnia. The vision behind the Dayton accord is the vision of a united Sarajevo: it is not the vision of a city abandoned by one of the nations of Bosnia.

It is extremely difficult to be statesmanlike in the immediate aftermath of a brutal war. But statesmanship from the Bosnian leadership is now needed if the peace process is not to fail.

The international community can and will help with confidence-building and other measures. But it is the process of political and human confidence-building between Serbs, Moslems and Croats in Sarajevo that will be decisive.

The situation in Sarajevo is just one of a number of difficult challenges that lie ahead. The gradual return home or settlement of millions of refugees and displaced persons will be very difficult to achieve. It will be far from easy to hold free elections within six to nine months, to create the conditions for establishing new political institutions.

The safeguarding of human rights and the restoration of the rule of law will also be demanding tasks, given the necessity that war criminals be brought to justice. And the reconciliation needed to make the complicated constitutional arrangements agreed at Dayton work will be gradual and prolonged.

Many lessons will have to be learnt before the Bosnian crisis recedes into history. The transatlantic relationship – as well as the way in which the EU operates its foreign and security policy – is already under debate as a result.

But we must also re-learn the lesson that there are no purely military solutions to problems that are essentially political. Military means are often necessary but insufficient. The world's political leaders had better understand that before it is – once again – too late.

The author is the European Union's peace mediator in the former Yugoslavia

هكذا من الاصل

COMMENT & ANALYSIS

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Friday December 8 1995

Auditors under threat

This week's High Court judgment against a predecessor firm of accountants Binder Hamlyn, which threatens the personal wealth of the partners, will have sent a tremor through the professions. Binder Hamlyn was probably not untypical in having insurance cover that fell short of the £105m total claim against it: full professional indemnity insurance is now difficult, if not impossible, to obtain. Since outstanding negligence claims against auditors probably exceed the personal capital of partners in the big accounting firms, there is every likelihood that unlimited liability will come to haunt partners in other firms.

The accountancy profession can fairly argue that the government has been dilatory in addressing the issues. The recent decision to ask the Law Commission to review joint and several liability was buck-passing of a high order. The profession is also unfortunate in that the duty of the auditor to third parties is a murky legal area. In the present case, Binder Hamlyn was being sued over an acquisition in which it was not employed by the acquiring company, ADT, which subsequently brought the action.

Yet before going along with the auditors' pleas for protection from such claims, it is worth asking whose interests would be served. Limiting liability in business affairs gives rise to moral hazard, in that it reduces the penalty for reckless behaviour and increases the risks to creditors. The Victorians rightly perceived a worthwhile trade-off between the benefits of wealth creation and the costs of moral hazard when they introduced limited liability in 1855. Is there such a trade-off with the professions over liability?

If there is, the benefits are not on a comparable scale. But there is an important issue of natural justice, in that partners in audit firms are often the only people of substance who can still be sued when companies collapse. They can thus pay disproportionately, despite being the least culpable of those who are at fault. The penalty of unlimited liability is usually too draconian to fit the crime.

Since the 1989 Companies Act it has been open to firms to establish the audit function within a limited liability framework. KPMG recently decided to do this; but it is too early to know how robust the arrangement will prove, both in relation to the protection it offers and the impact on the quality of audits. Other leading firms, meantime, are planning to register in offshore havens that permit limited partnerships.

This will put the government on the spot. To abandon the task of providing the legal framework for one of the central safeguards of British capitalism to an offshore legislature would be both negligent and absurd. Far better to follow the US down the limited liability partnership route, which need not preclude legal action against individual partners, and to come to a speedy decision on how to establish proportional remedies. The time for buck-passing is over.

Haste in Hungary

Hungary's socialist-led coalition government has shown political courage in pressing forward with privatisation. More than 80 per cent of the economy should now be in private ownership before the end of 1997.

At the socialist party conference last month, Mr Gyula Horn, the prime minister, faced down his critics, both the trade unions and party conservatives. They expressed anger that a socialist-led government was imposing a sharp cut in real wages and welfare payments and selling Hungary's family silver. Until March, Mr Horn appeared receptive to such views. He blocked the sale of HungarHotels to a US investor at a price deemed too low by many Hungarians, and hesitated to cut public spending, though faced with widening current account and budget deficits.

Since then the prime minister has done all the right things: first, he appointed two internationally respected bankers to head the finance ministry and the central bank; then he accepted the austerity package they drew up. The "Bokros package", named after Mr Lajos Bokros, the finance minister, devalued the forint, imposed an 8 per cent import surcharge and cut government spending.

In the summer the government gave the green light for rapid privatisation of the gas and electricity utilities and the sale of another large stake in Matav, the partially privatised telecommunications company.

The decision to try to sell six gas distribution companies and 14 electricity companies before the end of the year underestimated the practical difficulties. Probably the Hungarian treasury would have received higher bids had it allowed more time for the complex regulatory and other aspects to be fully resolved. Speed inevitably caused ruffled feathers, as the government's advisers raced against time, and bidders complained about being rushed.

But the timetable was met. The Hungarian government will double its original privatisation revenue target, by raising more than $2bn from the planned sales of most of its gas and electricity utility companies mainly to Italian, German, and French investors. These new owners should now invest many more dollars in bringing Hungarian utilities up to west European standards.

This is the prize for pushing ahead with privatisation while the momentum generated by the March package was still in force. Hungary has already attracted the lion's share of foreign direct investment in former communist Europe. It has now become the pioneer in attracting foreign investors to modernise obsolescent utilities. Above all, by pushing on with a policy of export-led growth and rapid privatisation, Budapest will be able to repay part of its $21bn foreign debt and promote future prosperity.

Mad cows

Mad cow disease is the type of issue ministers most dislike, forcing them to make policy when scientific knowledge is incomplete. No-one yet knows whether bovine spongiform encephalopathy, first diagnosed in late 1986, can be passed from cattle to humans. Concern has flared up in the UK recently, partly because of cases of Creutzfeldt-Jakob disease, a similar illness, in several dairy farmers and teenagers. Professor Sir Bernard Tomlinson, a senior brain surgeon, also announced that he no longer ate beefburgers.

The hypothesis on which government policy is based is that cattle contracted the disease during the 1980s from feed containing offal from sheep infected with scrapie, a similar disease. The fear is that BSE might jump the species barrier to people even though scrapie, which has been around for about 250 years, apparently has not. In July 1988 the government banned cattle feed containing sheep offal, and also, as a precaution, the sale of certain cattle parts for human consumption.

There is some evidence that the government's hypothesis is right. Cases of BSE have fallen sharply, to about a third of peak levels. Experiments with contaminated feed have strengthened evidence for its role. Although cases of CJD in the UK have risen from about 30 a year in the 1980s to 55 last year, some scientists argue that this is not significant, and that levels are similar to those in other countries.

However, others are sceptical. They question whether illicit sales of contaminated feed can explain the thousands of cases of BSE since 1988. Others argue that agricultural chemicals, not BSE, are to blame for farmers' CJD.

What should be done? The rules on slaughterhouses should be vigorously enforced. The government also needs to step up research, and explore more hypotheses. One of its main experiments, which will not yield results until 1997, was set up to test a theory now largely discarded – that cows pass BSE to their calves. The experiment is not designed to test the main hypothesis – the role of feed. The increase planned in research funds from £5.4m to £6.4m next year may be too little.

Meanwhile, should people eat beef? The government has repeatedly said that there is no evidence that BSE passes to people, and that eating beef is safe. That is premature. Ministers could more accurately – but less comfortingly – say that the risk is now much lower than several years ago.

However, they are right that there is no strong reason to avoid beef. Even if there were a link with BSE, the incidence of CJD is still tiny. The hazards of daily life pose a far greater threat. But if some conclude that this is one thing they do not want to chance, fair enough. The government cannot yet tell them that there is no risk whatsoever.

In search of fresh pastures

China is a new frontier for big retailers. They are arriving with a mix of enthusiasm and caution, say Tony Walker and Richard Tomlinson

One by one, international retailing groups facing mature markets in the west and in Japan are pushing into a new territory which they believe they cannot afford to ignore – China.

The pitfalls are many, ranging from a shortage of information on consumer preferences to bureaucratic obstacles and a shortage of suitable property. But with hundreds of millions of consumers and rapidly increasing incomes, interest continues to grow as China gradually opens its doors to foreign retail groups.

"We're encouraged enough in the changes happening in the retail sector to say we need to get closer," says Ms Tracey Nelson, regional marketing manager of Marks and Spencer, the UK retailer which has opened a representative office in Shanghai. The company has been studying the Chinese market closely for the past 18 months from its regional base in Hong Kong.

"This is part of the whole process of establishing how we can become involved," says Ms Nelson.

Foreign involvement in Chinese retailing was made possible by regulations issued in 1992, which permitted foreigners to form joint ventures with local retailers. A series of announcements has followed, each taking another cautious but important step in liberalising China's retail market.

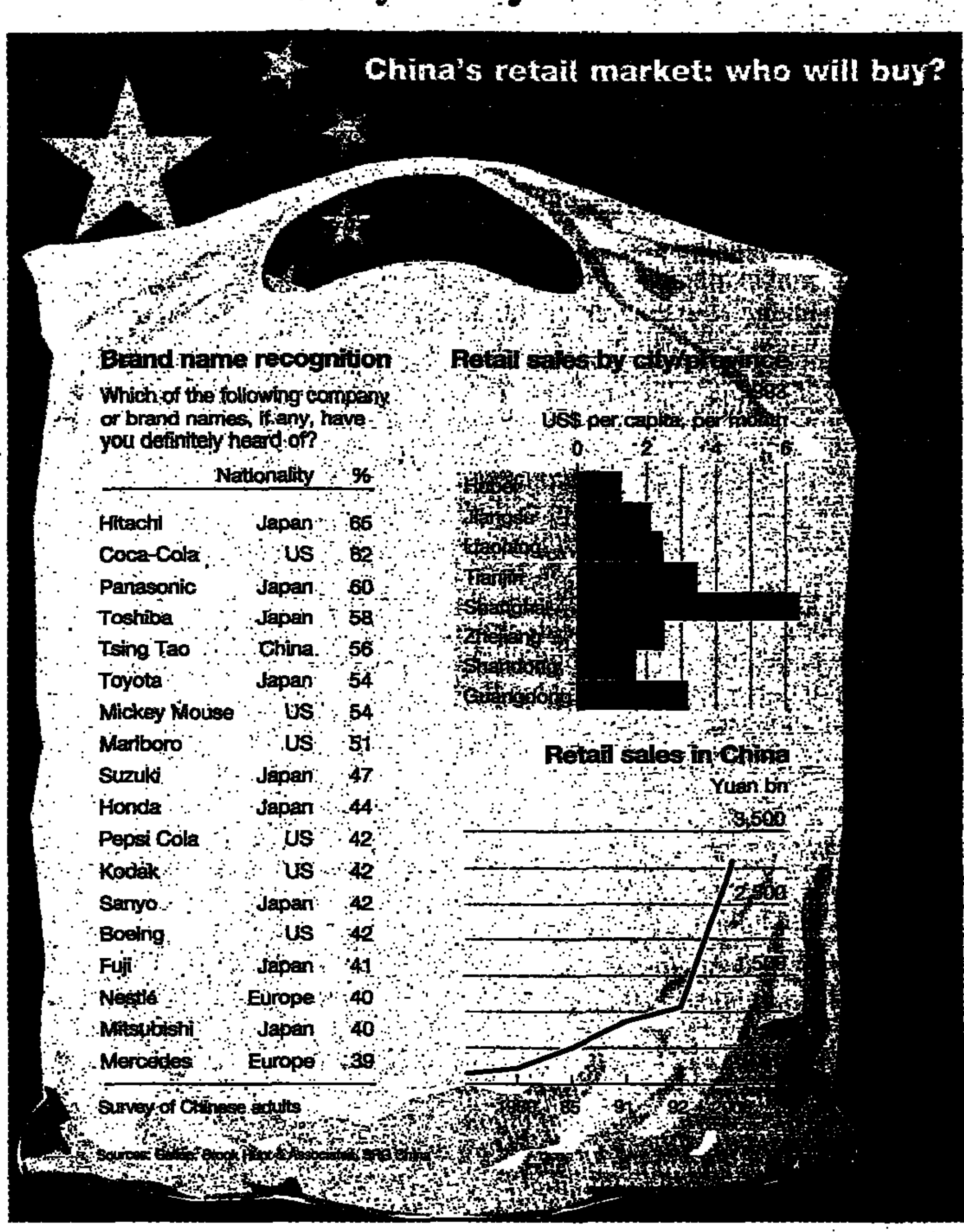
The most recent came when officials at the Ministry of Internal Trade announced that approval was close for two "pilot" chain store ventures for Shanghai and Beijing. The first would be a discount supermarket; the second a general purpose retailer. Previously, China had resisted the entry of large discount store and supermarket groups which aim to build country-wide networks, fearing its own retailers would not be able to compete.

Among leading contenders for the pilot projects are Wal-Mart of the US and Makro, the Dutch discounter. Other competitors include Japanese, German and French retailers. UK groups such as Marks and Spencer, Tesco and Sainsbury are also positioning themselves for the Chinese market, though they are some way behind their Japanese, European and American counterparts.

For many, Shanghai, with its population of 14m and relatively high levels of disposable income, is the first target. Yaohan, the Japanese-owned retail group based in Hong Kong, moved quickly, establishing a joint venture with the Shanghai Number One Department Store, China's biggest-selling retailer. Others have followed suit.

Under present Chinese policy, larger-scale retailing joint ventures are permitted in 11 of China's cities and special economic zones. Some 14 of these bigger ventures – as opposed to boutique-type operations and discount chains – have been established with the approval of the State Council, China's cabinet, which automatically entitles them to import licences.

A maximum of 24 such privileged larger-scale ventures will be allowed initially, says an official of the Ministry of Internal Trade, which is responsible for the retail sector. Among State Council-approved joint ventures in retailing are those involving Seibu and Isetan of Japan, Yaohan and a string of Hong Kong, Singaporean and Malaysian retailers.



Provincial governments and municipal authorities have approved dozens of smaller joint ventures, but these do not qualify for import privileges.

Mr Wang Minghong, director of the international co-operation department of the Ministry of Internal Trade, said the decision to allow chain stores was "another major leap after the opening of the retail market in 1992". But he also said in an interview with the official China Daily that the chain store joint venture with local Chinese enterprises would be experimental.

"If the two ventures are successful the pilot project will be expanded in size and scope," he said. Mr Wang also forecast that the establishment of chain stores would be a further step towards opening China's wholesale market to foreign involvement "because the distribution centre of a chain stores company is, to some extent, involved in wholesale business".

In the meantime, foreign companies face daunting prospects in seeking to establish themselves in a highly competitive market where local retailers – including a re-energised state sector wary of foreign rivals – enjoy significant cost and other advantages.

Some of the risks can be seen in the experience of the Parkson department store in Beijing, a joint venture between the Lion Group of Malaysia and the state-owned China Arts and Crafts Corporation which opened in March 1994.

Sales were disappointing during the first year because prices were too high. At the beginning of 1995, Parkson changed its sales strategy, reducing "high value" stock to 20 per cent of the total from about 40 per cent. Most goods are now "medium value", costing between Yn200 ($25) and Yn1,000.

Only 15 per cent of Parkson's stock is now imported compared with about 50 per cent initially. Some 40 per cent is produced by joint ventures in China, and 45 per cent is locally made by Chinese companies. Company executives are reluctant to reveal profitability, but it is no secret that the Sino-Malaysian joint venture is struggling.

At the opposite end of the retailing spectrum is Jeans West, the Australian brand name clothes chain, which opened its first outlet in Shanghai in May 1993 and now has about 150 stores nationwide. Like Giordano, the Hong Kong clothing retailer, and other such boutique stores, Jeans West is enjoying considerable success, although bureaucratic obstacles make life difficult.

Mr Bruce Lam, Jeans West general manager for northern China, says that because the company is registered in the southern city of Guizhou, every outlet has to pay tax on sales revenue through the local Guizhou taxation bureau. In order to trade elsewhere in China, Jeans West has to apply for a permit from the bureau.

A further problem is finding favourable locations for Jeans West outlets. "You have to find the Chinese company which owns the lease on the property, and form a joint venture with them, even though it is simply a landlord-tenant relationship. In Beijing, for instance, there are 16 separate joint ventures for 16 Jeans West outlets, mostly with state enterprises," says Mr Lam.

Securing properties at a reasonable price is a problem for foreign retailers. Supply of retail space falls well short of demand, although it is expected to increase considerably over the next few years.

Rents in Shanghai for foreign entrants are equivalent to those in a good location in Hong Kong. But Chinese consumers, for all their new-found spending power, are not yet at the point where they can be relied upon to support higher-quality, higher-priced outlets – making it hard for retailers to break even.


Sign of the times: western companies are investing in Chinese stores

Many foreign retailers in Shanghai were found to be encountering difficulties in a recent study by Coopers & Lybrand, the accountants. It covered joint venture department stores, free-standing boutiques, concession counters and shops in joint venture hotels.

Ms Dora Hung, a retail analyst in Hong Kong for Kleinwort Benson, the investment bank, says the market in Shanghai is certainly "getting more crowded and competitive". She said the appetite among Chinese consumers for western consumer products was "very patchy".

"A lot of foreign retailers are at the learning stage, trying to gauge different tastes," she says. "While the purchasing power is there, retailers have to be very selective in the way they approach the market." For example, Shanghai consumers often had more sophisticated tastes than people in southern China.

Relatively little is known about Chinese purchasing habits, but Gallup, the market research organisation, has created a profile of the Chinese consumer, in what it bills as "The First Nationwide Study of Consumer Attitudes and Lifestyle Trends" in China.

"Household income is a more important indicator of preference for foreign-made products than is place of residence," Gallup says. Nationally, Chinese manufactured products are preferred to foreign goods by a three-to-one margin, but more affluent town dwellers marginally prefer foreign-made products.

These conclusions square with Marks and Spencer's own cautious assessment of the market for its goods in China. It estimates that the consumer population for foreign products lies between 30m and 50m (out of a total population of 1.2bn) and is growing at about 10 per cent a year, with $50 a month per family available for buying clothes.

Although sales by retail joint ventures are increasing by between 20 and 25 per cent a year, they accounted for less than 2 per cent of the Yn1,800bn retail sales in 1994. But while penetration of the Chinese market by foreign retailers is still in its infancy, the western retailers setting up shop there regard it as an opportunity too large to ignore.

· OBSERVER ·

Live from Warsaw law

■ It won't be the OJ Simpson trial but many Poles will be glued to their TV screens on Saturday morning when for the first time a Polish court goes out live to deliver its verdict on last month's elections.

Never before have the 17 judges of the High Court's administrative, labour and social insurance section had as much limelight nor as much work following an election. Last time around, they only had to deal with 160 or so protests about the voting.

This time, however, there are over 600,000 complaints from supporters of the defeated incumbent, Lech Walesa. Most argue that Aleksander Kwasniewski, a former communist, wouldn't have won his narrow victory if he had admitted that he had failed to pass several exams at Gdansk University during the 1970s.

Sociologists have apparently told the judges that voters may well have been swayed by Kwasniewski's assertion that he had a degree. But the opinion pollsters counter that few Poles want to go through the trouble – not to mention the expense – of re-running the election.

All will become clear tomorrow morning. But spare a thought for the poor clerk who has to type out the verdict, whichever way it goes. By all accounts the court's written verdicts should contain the names of all 600,000 plaintiffs. Will it be valid if it doesn't ?

Road rage

■ Going too fast, or too slow, Al Gore, the US vice-president, managed to upset a lot of South Africans this week. After his friendly talks in Pretoria, Gore set off for Johannesburg airport on the M1, the main link with the capital.

He managed to do the journey at speeds of up to 160km/h only because his fellow motorists were banned from using the M1 at the same time. There was no early warning, so there was chaos on the adjacent road system. Net result was that Gore turned up early for his next appointment at South Africa's parliament in Cape Town. Worse still, his aides are said to have complained that Mrs Frene Ginwala, the speaker, was not immediately on hand to greet him. She was probably stuck on the M1.

Stunt men

■ The things politicians do to catch attention. Pedro Mosqueda, a 40-year-old lawyer, was facing a neck-and-neck contest to become mayor of Maracay, an industrial city 70 miles from Caracas. He decided he needed to do something spectacular to break a dead heat with two competitors. So a week before the vote, he bungee-jumped from a helicopter hovering 5,000 feet above 15,000 people.

The crowds loved it and Mosqueda's opinion poll rating soared. Unfortunately, he still lost the election to Estela Roca de Azuaje, a former cabinet member whose Democratic Action party eschewed stunts and relied on its powerful election machine. A cautionary tale for other political stunt men.

What a mess

■ Critics of Marc Blondel, head of Force Ouvrière, one of France's main unions which have been leading the country's strikes, may have been closer to the mark than they realised with the slogans chanted against him over the last few days. "Blondel, c'est le bordel" has become a favourite war-cry among stranded French commuters and other victims of the industrial action – "bordel" meaning brothel in French, but in this context a mess.

However, it is also often used specifically in relation to a completely chaotic office. Judging by a TV film clip of Blondel's *bureau* this week, they are absolutely right. Pictures of a huge desk completely covered in collapsing piles of paper only served to underline the contrast with the government machine.

Somehow the desk of his target, prime minister Alain Juppé, just *has* to be immaculately tidy.

Too many chiefs

■ Things must be going well at last at Salomon Brothers. Yesterday it appointed 57 new managing directors, increasing its number of big-shots by a third. How many varieties do they need?

This is a personal best for Salomon, but not for Wall Street. Goldman Sachs, the market leader, created 58 new partners a year ago. It would be cruel to suggest that Salomon needed so many new mds to offset future resignations or to anticipate possible retirements after this week's distribution of bonuses. Let's be kind. The willingness of so many Salomon people to join the top echelon must reflect their confidence in Deryck Maughan's leadership and expectation of fat profits in the year to come.

Capitol bonds

■ Robert Rubin, the US treasury secretary, is making contingency plans for a possible government funding crisis later this month. The word is that he's planning to issue a new tranche of paper. First, there will be the Gingrich bond, which has no maturity. Then the Dole bond – that's the one with no interest. And finally, the Clinton bond – the one with no principal.

The Financial Times

100 years ago

The Peruvian crisis
It would appear from the annual report of the Peruvian Corporation that the stars in their courses are fighting against the enterprise. The political disturbances, which resulted in the overthrow of President Caceres, did not terminate until the end of March last. During the Civil War the commerce of the country was paralysed, and the Corporation's railways and steamers were forcibly seized upon alternately by the the Government troops and the insurgents, who both prudently left the question of compensation to be discussed later. The average South American dearly loves the process of drilling holes through his neighbours with Mannlicher bullets, but he has a decided antipathy to paying for his amusement when the fun is over.

50 years ago

Argentina and revaluation
Rumours of the Argentine Government's intentions to revalue gold and foreign devisen, though denied in November, persist as a matter of disquiet. The reason for revaluation, if it were made, would be that of raising ready cash to replenish the depleted Treasury coffers.

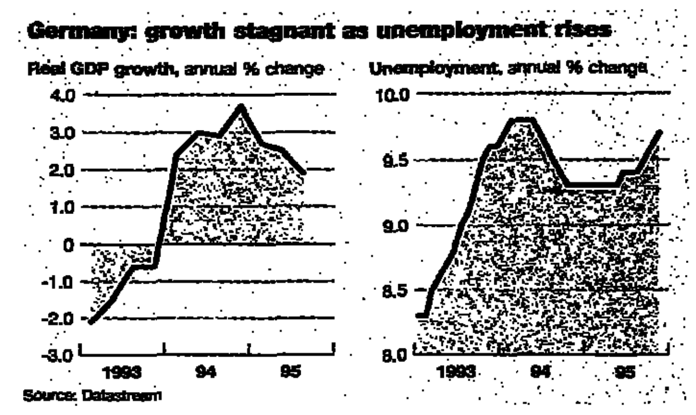
FINANCIAL TIMES
Friday December 8 1995

Zero third-quarter growth as jobless total rises

Static German economy fuels rate cut predictions

By Wolfgang Münchau in Frankfurt and Michael Lindemann in Bonn

Germany: growth stagnant as unemployment rises



Source: Datastream

The German economy experienced zero growth during the third quarter, heightening expectations that the Bundesbank will soon cut official interest rates.

Seasonally adjusted unemployment rose 42,000 to 3.71m, equivalent to 9.7 per cent of the labour force, during October.

Unemployment in eastern Germany rose from 13 per cent in November last year to 14 per cent last month.

Pan-German gross domestic product was unchanged in the third quarter against the second quarter of 1995, and only 1.5 per cent larger than in the third quarter last year. The year-on-year rise was the weakest for almost two years.

Several economists predict that accumulating evidence of a slowdown in the economy may persuade the Bundesbank to cut the discount rate, currently at 3.5 per cent, earlier and more aggressively than hitherto expected. Its next council meeting is on Thursday of next week.

The official data were published as industry and unions agreed to press ahead with discussions on a union proposal for wage restraint next year in return for job creation.

Unions said yesterday they would be satisfied with a "strong signal" from industry that new jobs would be created in return for wage restraint next year.

While these latest figures are preliminary and subject to revision, most recent statistics and confidence surveys point towards a weakening in economic activity.

Some economists now predict a fall in GDP during the fourth quarter and continued weakness throughout 1996.

Other economists are predicting a short pause in growth to be followed by a strong rebound next year.

But the medium-term optimism is tempered by uncertainty over the quality of German economic statistics, judged by many economists as unreliable.

The weakness in the third quarter is largely a result of a 3.4 per cent fall in investment in machinery and equipment, compared with the previous quarter.

Mr Klaus Zwickel, leader of the *IG Metall* engineering union, who proposed the plan last month, had demanded that industry create 110,000 jobs before talks about a wage freeze could begin.

After a four-hour meeting chaired by Chancellor Helmut Kohl on Wednesday night, Mr Zwickel warned that the unions would pull out of the talks if the government pushed through planned changes in social security benefits before the three sides met again on January 23.

Russian consortium buys 5% of Lukoil for $35m

By John Thornhill in Moscow

A Russian consortium yesterday won control of a 5 per cent state shareholding in Lukoil, the country's biggest oil company which has bigger reserves than Exxon, after bidding $35.1m in a privatisation auction.

The deal is the latest in a series of government share transfers, designed to accelerate the privatisation programme and raise budget revenue, which has sparked fierce political controversy.

Critics of the "shares-for-loans" privatisation scheme argue that it is turning into a giant insiders' game, which is tarnishing the image of economic reform ahead of this month's parliamentary elections.

Oil analysts said the transfer price for the Lukoil shares was substantially below their open market value. Atlantic Richfield, the US oil company, recently paid $250m to buy a slug of Lukoil's convertible bonds equivalent to about 6 per cent of the company's equity. Lukoil has a total market value of about $3bn on Russia's rudimentary equity market.

However, the consortium must also assume responsibility for repaying Rbs500bn ($100m) of Lukoil's subsidiaries' debts to the government and cannot dispose of the shares until next year. Under a complex agreement, the consortium is officially lending the government money in return for holding the shares in trust until at least September next year. But oil industry analysts say the consortium is almost certain to end up with ownership.

The winning consortium, which includes Imperial Bank as well as Lukoil's own management, won the auction by bidding $100,000 more than the minimum price set by the government.

Imperial, which was founded by several of Russia's biggest energy companies including Lukoil and Gazprom, the giant gas concern, has emerged as one of the country's most influential financial concerns boasting excellent contacts in government. A former vice-president of Imperial, Mr Sergei Dubinin, has just been appointed head of Russia's central bank.

Lukoil, widely viewed as Russia's most powerful and commercially-minded oil company, has been keen to raise money on international capital markets and is quickly opening itself to outside investors.

The government auctioned shares in several other leading Russian companies yesterday. The International Financial Company, affiliated to Oneximbank, bid $5m above the asking price to win control of 51 per cent of Sidanco for $130m. Sidanco ranks as Russia's fourth-biggest oil producer generating 24.3m tonnes of oil a year.

See Lex

UK freezes $23m bank account in drugs money investigation

By Stephen Fidler in London and Leslie Crawford in Mexico City

British police have frozen a $22.7m bank account held in the London branch of Citibank on behalf of the brother of Mexico's former president Carlos Salinas, as part of an international drug trafficking and money laundering investigation.

The account in the name of Mr Raúl Salinas, now in jail in Mexico on charges in connection with the murder of a former leader of the PRI, the country's ruling party, was frozen under an agreement between the British and Mexican governments aimed at combating drug trafficking. The accord was signed by his brother, then president, in 1990 while on an official visit to Britain.

The size of the account is an embarrassment to Citibank, which under money-laundering guidelines must satisfy itself about the source of the funds, and to the Bank of England, which is responsible for London's reputation as an international financial centre.

"We have a long-standing policy of not discussing publicly matters relating to who may or may not be a client. Another long-standing policy is to co-operate fully with authorities on investigations," Citibank said in a statement from New York.

The discovery of the London account is the latest step in an international investigation, led by the US Drug Enforcement Agency and the Mexican government, and including the Swiss authorities. It follows the uncovering of more than $100m in Switzerland, lodged in accounts at several banks and safe deposit boxes under the control of Raúl Salinas.

Raúl's wife, Mrs Paulina Castañón de Salinas, and her brother were arrested in Geneva last month after allegedly using false documentation to try to withdraw the funds. They have not been charged by Swiss police.

Swiss authorities believe the money may be related to drug trafficking. After being questioned by Swiss officials, Raúl Salinas, who held various government posts until he was removed by his brother in 1992, said through his lawyer that he had earned the money from "business deals with Mexican entrepreneurs".

Mr Carlos Salinas, who left office a year ago, fled Mexico soon after his brother was arrested in February and later charged in connection with the assassination last year of Mr José Francisco Ruiz Massieu, secretary-general of the PRI.

The former president, who has not been officially linked to the money laundering investigation, has issued a statement saying he felt deceived by his brother, and that he was willing to return to Mexico to defend his reputation.

Summit warns on EU reform

Continued from Page 1

forwardshould not obstruct the EU capacity's for action".

Speaking in a Bundestag debate on Europe shortly before meeting President Chirac, Mr Kohl indicated that this principle went beyond foreign policy. He said the two countries had agreed that progress towards greater European integration should not be held up by the "slowest ship in the convoy".

THE LEX COLUMN

Crude tactics

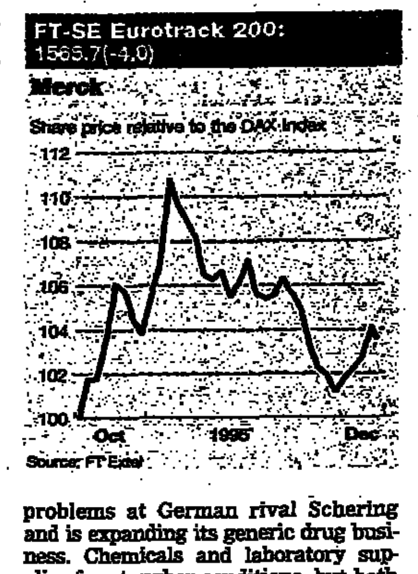
It is hard to avoid the conclusion that Russia's privatisation programme is rigged. Yesterday's auction of 5 per cent of Lukoil, Russia's biggest oil company, is a case in point: the shares have been snapped up by a consortium which includes Lukoil's own management and Imperial, a bank with which Lukoil is closely associated. There are two things wrong with this: Imperial was itself acting as the government's agent in the auction; and the successful consortium only bid $35m – a tiny fraction of the $250m recently paid by Arco for its 6 per cent stake in the company.

True, the consortium has promised to pay off $100m in debts owed by Lukoil to the government. But Lukoil had to pay these anyway, so it is no comfort for taxpayers. If the consortium sells the shares at a profit, it does theoretically have to share some of the benefit with the government – but this arrangement looks like an invitation to evasion.

Deals like these – today's sale of 45 per cent of Yukos, another oil company, is expected to follow a similar pattern – are an insider's game, from which foreign investors are excluded. Preventing foreigners from buying Russia's jewels in the run-up to an election may sound like good *realpolitik*, but it will not work. International investors still have plenty of opportunity to buy shares in these companies – Imperial and Lukoil themselves announced a 5 per cent convertible bond issue yesterday. The real victims are taxpayers deprived of the full prices foreigners are willing to pay.

Merck

FT-SE Eurotrack 200: 1565.7(-4.0)



Source: FT Extel

The admission by Germany's Merck that it will miss its 1995 sales forecast is rather embarrassing, coming less than two months after the drug group's October flotation. Merck blames the strength of the D-Mark for a weaker fourth quarter and for the fact that turnover will now fall 5 per cent short of its earlier DM6.5bn ($4.54bn) target. But the German currency has been broadly flat against the dollar since the middle of the year. It looks as if Merck succumbed to a bout of pre-flotation optimism and is now having to pull in its horns.

That should not distract attention from the underlying business. The pharmaceuticals arm, which makes three-quarters of the profits, pushed sales up 12 per cent in the first nine months of this year – above the industry average. Merck benefited from problems at German rival Schering and is expanding its generic drug business. Chemicals and laboratory supplies face tougher conditions, but both have strong market positions.

The group's biggest problem is lack of scale. October's share issue, which raised DM2.5bn, was supposed to provide fire-power for acquisitions. It is disappointing, therefore, that net debt will finish the year at a higher than expected DM1.5bn. The shares, which have risen 10 per cent since flotation, hardly budged yesterday, partly because Merck forecast profits growth of 20 per cent for 1996. But this is largely due to lower interest charges following flotation. The long-term prospects are much less certain.

GEC

General Electric Company investors have rightly become frustrated with the group's lack of momentum in recent years. Hopes that this is about to change helped push the shares up 4 per cent yesterday.

Given its strong financial position and global connections, GEC is well placed to benefit from the rapid consolidation of its markets in defence, power plants and telecommunications. The acquisition of submarine builder VSEL, giving it a new platform for its electronic defence systems, is a good example. But that only cost a net £280m ($431m). By and large, Lord Weinstock, managing director, has preferred to hold on to the group's £2.5bn cash pile and suffer short-term dilution from lower returns.

Opportunities to put that cash to better use are growing. GEC-Alsthom, the power plant joint venture, is starting to invest capital through build-and-operate contracts. Having missed out on the mobile phone boom, GEC is keen to be at the forefront of the next generation of communications technology, and there is scope for joint ventures in European defence.

Meanwhile, the group is still expected to announce a successor to Lord Weinstock next spring. And while yesterday's half-year results were hardly inspiring, GEC's steady earnings growth will look attractive in a slowing economy. The group could strengthen its position further by selling some of its smaller businesses, like consumer products. With an above average yield and a market rating, the shares are a solid hold.

Littlewoods

It is easy to argue that the Moores family have done the right thing in shutting the gate on the barbarians queueing up to buy out the retail and pools group. Littlewoods is a rare example of a poorly-managed business with a relatively strong market position, and it offers huge potential for investors to profit from a turnaround. Profit margins are lamentable across the range of its businesses. And with the additional bonus of a likely pick-up in consumer spending over the next year, why should the family give away all this potential profit growth for £1.2bn? Under such a scenario, the proposed buy-back of shares from dissenting family members looks eminently sensible.

The problem is that while the Moores have turned their back on outside offers, they are unlikely to implement the necessary changes themselves. Few top managers would want to step into the breach, given the prospect of strategic bickering from the owners. The management has been slow to modernise its pools business – which made less than half the profit margins of smaller rival Vernons last year – and its retail operations have suffered from confused market positioning. This offers the family little comfort over future returns.

Of course, flotation remains a possibility – there is a price for any business. But with no signs of management shake-out, no prospect of a takeover, and a gaggle of controlling shareholders, it is hard to see the family matching the valuations proposed by their recent suitors.

Lex comment on GUS, Page 24

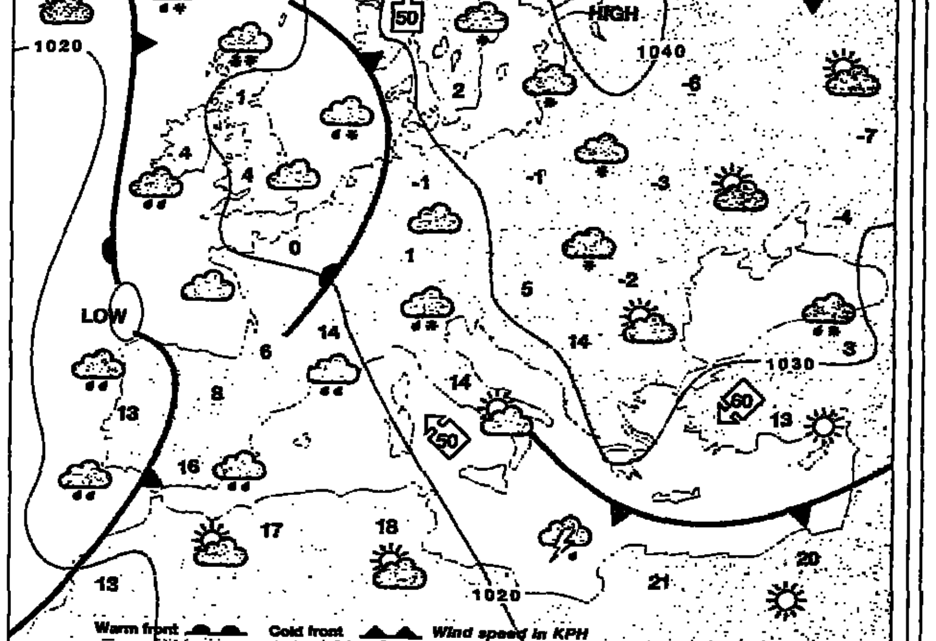
FT WEATHER GUIDE

Europe today

High pressure across the Baltic states will sponsor sunny but very cold conditions across eastern Europe. Wintry cold air will continue to dominate central Europe but the chill will moderate in western Europe. A southerly air flow will bring scattered snow flurries to Denmark and northern Germany. Temperatures will rise to freezing in Holland and northern France. Southern France and north-eastern Spain will see intermittent rain with temperatures between 8C-13C. Scandinavia will continue cold, though milder air with outbreaks of rain and snow will affect southern Norway. The Alps and northern Italy will have rain and snow on some slopes, while scattered showers should affect the Adriatic Sea.

Five-day forecast

Turkey and Greece will turn even cooler with widespread frost and snow in the mountains. The North Sea area will be calm and mainly dry with temperatures just above freezing. The western Mediterranean will continue unsettled with numerous showers affecting the coasts of Italy and Spain. Central Europe will stay cold, though the chilly easterly winds will diminish.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	25
Accra	fair	32
Algiers	fair	17
Amsterdam	fair	-2
Athens	fair	12
Atlanta	shower	12
B. Aires	fair	23
B.ham	cloudy	3
Bangkok	fair	30
Barcelona	rain	15
Beijing	sun	4
Belfast	cloudy	3
Belgrade	cloudy	1
Berlin	fair	1
Bermuda	fair	22
Bogota	thund	19
Bombay	sun	33
Brussels	fair	-2
Budapest	cloudy	1
C.hagen	sleet	2
Cairo	fair	19
Cape Town	fair	29
Caracas	cloudy	31
Cardiff	rain	8
Casablanca	rain	17
Chicago	snow	-2
Cologne	cloudy	1
Dakar	sun	28
Dallas	cloudy	15
Delhi	fair	25
Dubai	sun	26
Dublin	cloudy	5
Dubrovnik	cloudy	13
Edinburgh	fair	1
Faro	rain	16
Frankfurt	cloudy	1
Geneva	rain	5
Gibraltar	rain	15
Glasgow	fair	0
Hamburg	cloudy	-1
Helsinki	cloudy	-3
Hong Kong	sun	21
Honolulu	fair	30
Istanbul	fair	7
Jakarta	thund	30
Jersey	rain	3
Karachi	fair	30
Kuwait	sun	18
L. Angeles	fair	24
Las Palmas	shower	22
Lima	fair	24
Lisbon	rain	12
London	cloudy	4
Lux.bourg	sleet	0
Lyon	rain	9
Madeira	shower	19
Madrid	rain	8
Majorca	rain	16
Malta	rain	17
Manchester	sleet	3
Manila	cloudy	29
Melbourne	fair	25
Mexico City	sun	22
Miami	fair	27
Milan	rain	4
Montreal	fair	-8
Moscow	cloudy	-4
Munich	fair	3
Nairobi	fair	26
Naples	cloudy	15
Nassau	fair	27
New York	fair	2
Nice	rain	13
Nicosia	fair	18
Oslo	snow	-3
Paris	cloudy	0
Perth	fair	25
Prague	cloudy	0
Rangoon	fair	32
Reykjavik	rain	3
Rio	shower	29
Rome	fair	14
S. Frsco	fair	16
Seoul	sun	2
Singapore	shower	28
Stockholm	sleet	0
Strasbourg	cloudy	5
Sydney	shower	21
Tangier	shower	16
Tel Aviv	shower	18
Tokyo	fair	11
Toronto	cloudy	-4
Vancouver	shower	2
Venice	rain	8
Vienna	cloudy	2
Warsaw	sun	-2
Washington	cloudy	4
Wellington	cloudy	19
Winnipeg	snow	-20
Zurich	cloudy	4

هكذا من الاصل

FINANCIAL TIMES
COMPANIES & MARKETS

Friday December 8 1995

IN BRIEF

Swedish Coca-Cola clash flares again

The prospect of a struggle for market share in Sweden's soft drinks market bubbled up again when an attempt to patch up a row between Coca-Cola and its longstanding local producer, Pripps, broke down amid renewed recriminations. Page 18

Philips confirms it faces $3bn action
Philips, the Dutch electronics group, confirmed it faced a $2.96bn law suit in the US from Mr Maurits de Prins, founder of Super Club, a video-rental subsidiary, but added the suit was filed three years ago and that it could not comment further while the case was pending. Page 18

CIBC adds gloss to Canadian banks' figures
Canadian Imperial Bank of Commerce has capped a strong reporting season by Canada's banks with a 14 per cent advance in fiscal 1995 earnings to C$1.02bn (US$740m) and a dividend rise. Page 20

Sony and Oki join for chip development
Sony, the consumer electronics company, and Oki Electric, one of Japan's leading semiconductor manufacturers, are joining forces to develop advanced technology for next-generation semiconductor chips. Page 22

CRA gives go-ahead to Century zinc mine
CRA, the Australian resources group 49 per cent owned by RTZ of the UK, approved the development of the Century zinc mine in Queensland, now costed at A$1.14bn (US$84.4m). At full production, Century will be the world's largest supplier of zinc concentrate. Page 22

GEC advances 6% at interim stage
General Electric Company of the UK reported profits for the half-year to 30 September of £402m ($635m), a rise of 6 per cent. Lord Prior, chairman, said progress was being made on finding a successor to Lord Weinstock, GEC's managing director, and the company expected to make an announcement in the spring. Page 24

Indonesia may contact UK over Amec bid
The Indonesian government is considering expressing concern to British ministers about the proposed takeover of Amec, the UK construction and engineering group, which is leading British efforts to develop the $47bn Natuna offshore gas field. Page 24

Cuba's main exports poised to rebound
Output of Cuba's two biggest export earners, nickel and sugar, are poised for a turnround supported by foreign investment, according to Mr Osvaldo Martinez, head of the economic affairs committee of Cuba's national assembly. Page 31

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko	748	+	18
GEHE	666.5	+	11.5
VEW	500	+	27
Zanders Feinpap	157	+	12
Falls			
Porsche	668	−	13
Rheinelektra	1165	−	20
NEW YORK ($)			
Falls			
Cabletron Sys	74¼	−	2¼
Clocorp	70½	−	2½
Netcom On-Line	58½	−	5
Netscape	143¼	−	18
Spyglass	100¼	−	9¼
UUNet Tech	59¾	−	7¾
LONDON (Pence)			
Rises			
Airtours	338	+	17
Delyn	103	+	20
Govett	242	+	22
Falls			
Eve	165	−	35
MAID	259	−	30
Proteus	126	−	23
TORONTO (C$)			
Rises			
Rothmans	116	+	2
Unican Sec A	32½	+	3
Falls			
Alphanet Tel	22	−	2
Fulcrum Tech	37¾	−	7¼
Hummingbird	64¼	−	2¼
Metrowerks	17	−	1½

PARIS (FFr)			
Rises			
Danone	908	+	16
Euro RSCG	459.9	+	10.9
Falls			
CGIP	975	−	17
Fonc Lyonnaise	585	−	15
Intertechnique	324	−	16
Legrand	771	−	23
TOKYO (Yen)			
Rises			
Kobe Steel	309	+	10
Matsushita Elec	1600	+	40
Mitsubishi Hvy	853	+	23
Nomura Secs	2140	+	60
Sony	5210	+	190
Toshiba	804	+	23
HONG KONG (HK$)			
Rises			
Thai-Asia Fd	10.1	+	0.4
Vtech	14.3	+	0.5
Falls			
China Motor	62.5	−	0.5
Henderson Land	46.1	−	0.7
Johnson Elec	14.6	−	0.7
Swire Pac A	59.25	−	0.7
BANGKOK (Baht)			
Rises			
Italian-Thai	269	+	12
Regional Cont	250	+	14
Falls			
Dees Ltd	109	−	13
Grammy	218	−	14
Mutual Fund	542	−	36
Phatra Ins	150	−	16

New York & Toronto prices at 12.30.

Tokai Bank rescues Japanese credit union

By William Dawkins in Tokyo

Japan's ailing financial system yesterday yielded its sixth casualty this year, with the failure and government-inspired rescue of Osaka Shinyo Kumiai, a credit union.

Tokai Bank, the Nagoya-based commercial bank, agreed to take over the good assets of Osaka Shinyo Kumiai, on a request from the Osaka prefectural government, after the credit union succumbed to an estimated Y150bn ($1.5bn) of property-related bad debts, more than half of its total Y270bn loans.

This is further evidence of the fragility of Japan's smaller financial institutions and adds urgency to the establishment of a special organisation to rescue collapsing banks. Details of the new body are in the final stages of debate between the government and banking industry, for completion this month, in time for presentation for the Japanese parliament's approval next year.

Mr Takashi Motoi, vice-president of Tokai, one of Osaka Shinyo Kumiai's main creditors, declined to estimate the cost of the takeover, to be completed next summer. The finance ministry put Tokai's acquisition costs at Y10.7bn.

Mr Motoi said the rescue would cost Tokai less than allowing Osaka Shinyo Kumiai to fail. He hoped to strengthen Tokai's customer base in Osaka, with the addition of the credit union's 20 branches. All "necessary" members of its 383 staff would be retained.

The rescue was a "wise decision" which would help stabilise the financial system, said Mr Kyosuke Shinozawa, vice-finance minister. The total cost of the rescue would be Y166bn, of which the Y150bn of unrecoverable loans would be absorbed by the proposed bank rescue body, the finance ministry said.

Just how the body, modelled on the US Resolution Trust Corporation, will be funded is yet to be settled, though it is likely some public money will be used. There is some political opposition to publicly-funded bank bail-outs, but there is a limit to the strong banks' will and ability to bail out the weak.

Mr Shinozawa yesterday called for public understanding of the proposed Japanese RTC and said it would dispose of bad loans in a transparent manner.

In the meantime, a complex temporary solution has been set up to cover the Osaka credit union's immediate needs. The Deposit Insurance Corporation, a body set up and funded by commercial banks to pay depositors in the event of a failure, will carry Y70.7bn of the credit union's losses and Y12bn will come from Osaka Shinyo Kumiai's own reserves. The finance ministry will negotiate with the Osaka prefectural government on how to cover another Y80bn.

Tokai was approached as a rescuer because of its business relationship with Osaka Sinyo Kumiai, to which it had introduced a small amount of lending business, said the ministry.

E. Merck cuts sales estimate to DM6.2bn for 1995

By Daniel Green in London

E. Merck, the German pharmaceuticals and specialist chemicals company, yesterday cut its 1995 sales estimates from those in place two months ago.

The company's previous forecast was for 1995 sales of DM6.5bn. The company now expects DM6.2bn, said Professor Hans Joachim Langmann, management board chairman. Sales in 1994 were DM5.66bn. He blamed currency fluctuations for the change in the forecast. Third-quarter sales rose 12.2 per cent to DM4.7bn.

"Without the strong D-Mark, sales would have grown by another 6 per cent," said Prof Langmann. He said the "business climate in Germany" meant fourth-quarter profits would not grow as quickly as in the third quarter. "There is no reason for any undue pessimism concerning the group's business," he added.

E. Merck shares fell DM0.32 to DM61.33.

Analysts reacted cautiously to the figures. One London securities house is set to recommend today that investors treat Merck shares with caution following yesterday's figures.

It is also likely to argue that some of the profits growth in 1996 will be the result of reduced interest costs resulting from the proceeds of the flotation and that growth after that could fall.

But Ms Birgit Kulhof, an analyst with UBS in Zurich, which was a joint global co-ordinator for the offering, said Merck's management was "being very cautious". She cut her sales forecast to DM6.3bn and left operating profit forecasts unchanged.

Group net profit before extraordinary items rose 29 per cent to DM273m in the nine months to September.

There was an extraordinary profit of DM39m made up of profits from the sale of the company's stake in the German joint venture Cascan to its joint venture partner, Glaxo Wellcome, and reserves for the expected costs of the flotation.

The pharmaceuticals division, which accounts for 55 per cent of total sales, saw sales rise 16 per cent in the first three quarters of 1995 to DM2.56bn.

Sales in the laboratory sector rose by 14 per cent to DM1.17bn, helped by acquisitions.

The diagnostics division "suffered under the difficult market conditions" and one business had been sold during the period. Excluding the disposals and currencies, "sales grew by between 4 per cent and 6 per cent to DM1.17bn", said Prof Langmann.

Sales at the speciality chemicals division rose 0.4 per cent to DM927m. Sales of pigments and cosmetics weakened. This was counterbalanced by higher demand from the semiconductor industry for the company's specialist chemicals and liquid crystal technology.

Lex, Page 16; Roche and Ares Serono win drug approvals, Page 18

Lack of demand by foreign investors marred latest sales

Caution rules over state sell-offs

It has not been a good year for privatisations. In recent months, the governments of France, Indonesia and Italy have been forced to reduce the size and price of their transactions because of the lack of demand from international investors.

Deals have had to be scaled back because of disappointing orders from the US, where funds have been diverted from international equities back to the buoyant domestic stock market.

The most serious casualty was the privatisation last month of Indonesia's PT Telkom, the country's telecommunications company, which had to be halved to $1.59bn.

Telkom's offering also suffered from investor caution in view of the glut of telecoms offerings from all over the world which are to come to market over the next year. The largest such offering will be Germany's partial privatisation of Deutsche Telekom from which it hopes to raise DM15bn ($11bn).

International investors are increasingly selective about primary equity issues. They have flocked to the flotations of well-known consumer brands such as Gucci, the Italian fashion house, and Adidas, the German sports shoe and equipment manufacturer, in the certainty that the shares would go to a premium as soon as they started trading.

By contrast, investors are wary of privatisations, especially in France and Italy, having lost money in earlier offerings.

All but two of the last eight privatisations or partial privatisations in France have suffered a fall in share price. The steel company, Usinor Sacilor, is trading at FFr72.60 compared with its issue price of FFr86.

The French government is selling its stake in Pechiney, the aluminium and packaging group, but the offering has already been branded as a failure. Lack of demand from international investors forced the government to reduce the size of the offering but there are still concerns that the banks arranging the deal will be left with large chunks of unwanted stock.

In Italy, investors who took part in last month's privatisation of Eni, the oil and gas company, are sitting on losses with yesterday's share price at L5107, compared with the issue price of L5,250.

The caution of international investors is of growing concern to the two countries because they have both set ambitious privatisation programmes. France wants to sell off a further tranche of Renault, the car company, and France Télécom, its telecoms company, while Italy hopes to privatise Enel, the power utility, and a further part of Stet, its telecoms company, next year.

Foreign investors say governments have been too greedy in recent privatisations. They also believe governments have often failed to educate the domestic market about the merits of equities as an alternative to government bonds, which are the favoured form of saving in many European countries.

"The UK government made it a political issue to sell the people's assets back to the people but this has not happened in France or Italy," says Mr Tony Parker, fund manager of the £500m ($790m) Kleinwort Privatisation Trust.

The UK's strategy also worked because privatisations were priced relatively cheaply.

Another criticism about recent privatisations has been an apparent over-dependence on international rather than domestic demand. In UK sell-offs not much more than 20 per cent was sold to foreigners and even domestic institutions were allocated less stock than they had hoped. This resulted in healthy demand once trading started, propelling the shares higher.

But in Europe and Asia, as much as half is offered abroad. "The French, and the Italians too, need to concentrate on beefing up their domestic markets," said one banker.

In France the government's welfare reforms, which have sparked industrial unrest, are seen by some bankers as the catalyst for improving the fortunes of France's privatisation programme over the long term. The welfare plans should encourage more investment in equities because individuals would be given incentives to invest in their own pensions, life insurance and healthcare rather than relying on the state. In Italy, too, there are moves to wean individuals off state pensions and on to personal and company pensions.

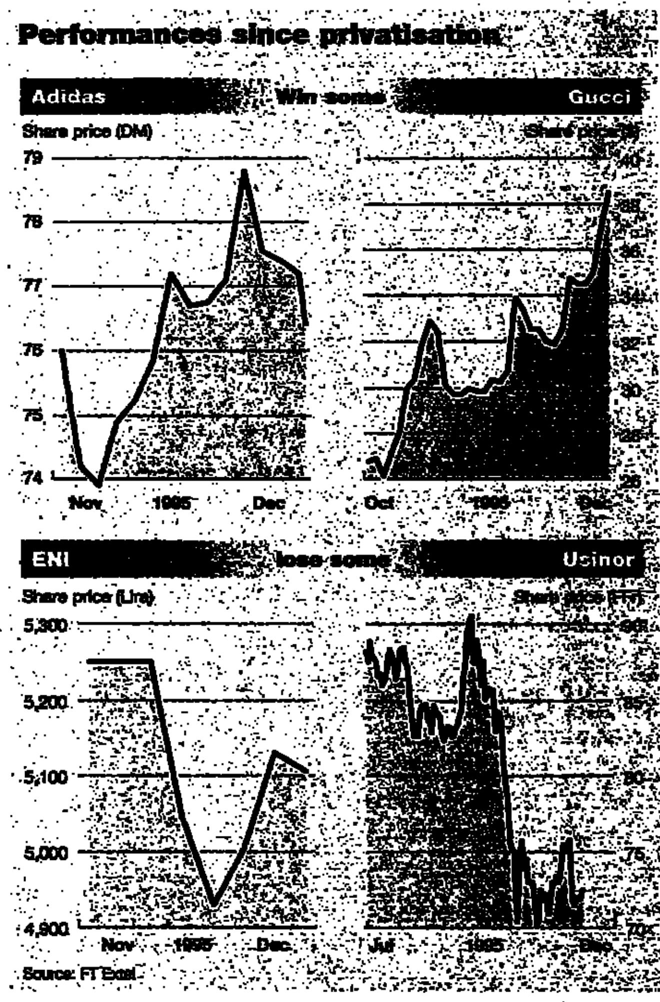
However these are fundamental change which will take some years to effect.

Bankers are therefore recommending that governments drop the idea of pure equity offerings in favour of structures with a stronger element of fixed-income.

The Italian government is heeding this advice. It plans to sell its remaining 34 per cent stake in the insurer INA by a placing of bonds convertible into INA shares. That operation could raise L3,000bn ($1.9bn), which would make it the biggest convertible bond issue to date in the world. There are no signs that France will follow suit, but if Pechiney turns into the flop which most observers expect, it may have to think again.

European sales, Page 19

Antonia Sharpe



Trygg-Hansa in SKr1bn merger with life group

By Hugh Carnegy in Stockholm

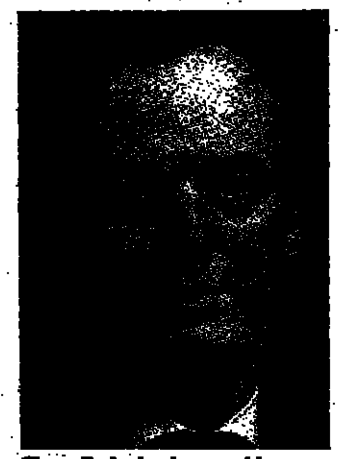
Trygg-Hansa, Sweden's second largest insurer, moved yesterday to complete its restructuring after a series of losses by taking over its sister life assurance company in a SKr1bn ($153m) deal involving one of the biggest demutualisation operations in Sweden in recent years.

The move was prompted by deregulation, which will allow life assurance operations to be run for profit for the first time, and by other regulatory changes, which have opened up new savings markets. Trygg-Hansa's shares fell SKr3 to SKr107.

"We needed to take this step to create a Trygg-Hansa that will be a leading competitor in the financial industry in the future," said Mr Lars Thunell, chief executive. "It not only solves our own internal problems but it makes us one of the first companies to utilise opportunities opening up through the tremendous changes in legislation."

The core of the restructuring involves the merger of Trygg-Hansa Life, at present a mutual company, with Trygg-Hansa AB, the parent company. They are already closely bound, with Trygg-Hansa AB administering the life operations and the life company owning a 28 per cent voting stake in the parent.

Trygg-Hansa AB will pay SKr1.15bn to the life company's policy holders, while the latter's shareholding will be placed in a newly-formed foundation in which its policy holders will be the beneficiaries. Meanwhile, SPP, a Swedish insurer with which Trygg-Hansa once intended to merge, is to sell most of its 28 per cent holding in Trygg-Hansa AB, marking the end of their relationship.


Thunell: deal solves problems

The pure life operations of Trygg-Hansa Life will not be fully merged until January 1997. But the merger will enable Trygg-Hansa to offer a range of insurance, savings and banking services, including private pensions, income replacement and other schemes emerging in Sweden due to deregulation and cuts in state benefits.

The move is one of the final steps in Trygg's restructuring. It is retreating to its core domestic market after an incursion into the US through Home Holdings and earlier forays into banking and credit insurance, which ran up total losses of SKr11bn. Trygg has returned to profit this year.

Mr Thunell said Trygg-Hansa Life policy holders would benefit from "literally billions of kronor" from cuts in administrative costs implied in the merger. He also said Trygg-Hansa AB's earnings per share would rise in the long term due to future profits from existing insurance contracts – although in the short term they would suffer.

Elektrowatt makes SFr1.8bn bid

By Thierry Meyer in London

Elektrowatt, Switzerland's largest electricity generator controlled by CS Holding, has made a SFr1.8bn ($1.5bn) recommended bid for Landis & Gyr, the electronics group. The merged group would have turnover of SFr8bn.

Landis & Gyr's biggest shareholder, Mr Stephan Schmidheiny's Unotec Holding, had already sold its 35 per cent stake to Elektrowatt.

Another large shareholder, investment group BB Industrie, is believed to have sold its stake too, giving Elektrowatt 51 per cent of Landis & Gyr. The offer is conditional upon at least 70 per cent acceptances.

Elektrowatt said it offered SFr950 a share, a premium of 36.9 per cent over the average price in the past month. The group also said it was willing to pay SFr2.05 per warrant. Before both shares were suspended in Zurich yesterday, Landis & Gyr had risen SFr3 to SFr730 and Elektrowatt fell SFr5 to SFr353.

Elektrowatt said it would need to generate SFr1bn from disposals to pay for the deal. Analysts said it could divest some electronic activities, including a minority stake in Electron House and Unitech, both in the UK.

The Landis & Gyr acquisition is an attempt by Elektrowatt to focus on two businesses, the electric power division, and the security systems and building control division. Landis & Gyr is the world's third largest company in building control systems. Its other businesses include electric power control utilities, and payphones – where it is a world leader. Last year, it posted SFr2.9bn sales and SFr111.7m net profit, up 15 per cent, giving a multiple of 1.6 times sales and 16 times earnings.

Mr Oskar Ronner, Elektrowatt's chief executive, said the takeover would bring "vigorous synergies". Security and building control systems account for 45 per cent of Elektrowatt's SFr5bn turnover. CS Holding, the banking group, holds 44.2 per cent of Elektrowatt.

EUROPEAN NEWS DIGEST

Fortis 14% ahead after nine months

Improved results in its core Benelux banking and insurance markets helped Fortis, the Dutch-Belgian financial services group, lift nine-month net profits 14 per cent to Ecu469m ($605m). The performance, in line with analysts' expectations, prompted the company to forecast full-year net profit growth of at least 12 per cent. It described this as an upwards revision from its previous predictions of a "clear" rise in 1995 earnings.

Turnover rose 6 per cent to Ecu12.7bn. Operating profit rose 34 per cent to Ecu717.8m, but the net figure was held back by a sharp rise in taxation, from Ecu127.5m to Ecu221.7m. In part, this reflected the absence this year of carry-forward losses as well as the fact that last year's results were influenced by a tax-free capital gain on the sale of shares in Assubel, a Belgian insurance company.

Fortis reported increases in both insurance and banking results in the Netherlands and Belgium, its dual home markets. Combined operating results for these two countries rose from Ecu264.1m to Ecu344.8m. In the US, operating results fell from Ecu89.8m to Ecu71.1m, due partly to declining health care earnings, which Fortis described as an industry-wide trend. *Ronald van de Krol, Amsterdam*

Clariant forecasts improvement

Mr Martin Syz, chief executive of Clariant, the chemical business recently demerged from Sandoz, expected 1996 results to improve against the year earlier if market demand for its products continued at current levels. In an interview with the Finanz und Wirtschaft newspaper, he said he also expected 1995 net profit to be above last year's estimate of SFr103m ($88.1m), when it was a part of Sandoz. He did not expect fourth-quarter sales to show large increases in local currencies, but hoped to keep pace with third-quarter numbers.

Mr Syz said Clariant would make acquisitions of between SFr10m and SFr40m francs over the next few years, mainly in the masterbatches or textile chemical sectors, particularly in countries where it was under-represented. It would make annual investments worth 5 per cent of yearly sales. In 1995 and 1996 these would be "somewhat higher" at SFr150m because of investments for its Chinese textile dyes plant. *AFX News, Zurich*

CS Holding, Winterthur in link

CS Holding and Winterthur Insurance said they were planning to establish close business ties in Switzerland as well as selected international markets. They said the co-operation would take the form of joint ventures and that there were no plans for any capital links. Both companies would make their sales channels available to each other. This would give bank customers access to the Winterthur range of products, and Winterthur customers access to CS Holding products through their insurance advisers. *AFX News, Zurich*

US approval for Roche drug

Roche, the Swiss drugs group, said the US Food and Drug Administration had approved its Invirase treatment for use in combination with Aids medicaments on patients with advanced HIV infections. The drug's generic name is saquinavir. It said Switzerland would "ostensibly" be the first European country to approve Invirase in spring 1996. Invirase was expected to be launched on the US market within 48 hours. *AFX News, Basel*

■ Ares Serono's Gonal F fertility treatment has been approved by Swiss Intercantonal Drug office. It said it would market the drug in Switzerland from January 1996. *AFX News, Geneva*

Coca-Cola breaks off talks with Pripps

By Hugh Carnegy in Stockholm

The prospect of a bitter struggle for market share in Sweden's soft drinks market suddenly bubbled up again yesterday when an attempt to patch up a row between Coca-Cola and its long-time local producer Pripps broke down amid renewed recriminations.

Coca-Cola abruptly cancelled a meeting scheduled with Pripps yesterday, which the Swedish company had suggested could lead to the re-establishment of the 42-year-old production and distribution deal between the two companies, which Coca-Cola withdrew from last week.

"In light of public statements by Pripps' management that mischaracterise both this meeting and issues raised during negotiations, we no longer feel that such a meeting would be productive," Coca-Cola said.

Instead, the US company called for a meeting with the owners of Pripps, the Norwegian group Orkla, and Sweden's Volvo, to discuss the winding down of the old agreement by the end of this month.

A worried Pripps – which stands to lose SKr1.4bn ($213m) in sales from Coca-Cola products, or one-third of its turnover – said it continued to hope that a renewal of the long-term agreement was possible.

Coca-Cola conceded it was still prepared in talks with Orkla and Volvo to "take a fresh look" at future co-operation.

But the immediate signs were that Coca-Cola would go its own way in the Swedish market from January 1.

It was clearly angered by a move on Monday by Pripps – later rescinded – to halt immediately all production and distribution of Coca-Cola products.

It was also upset that Pripps revealed that the stumbling block in negotiations was a demand from Coca-Cola that Pripps set aside all Pripps own brands in Sweden to make way for greater penetration of the US group's drinks – which are already the leaders in a carbonated market worth about SKr5bn a year.

A breakdown would expose both Pripps and Coca-Cola, which together have a 65 per cent market share for carbonated drinks.

Pripps would have to move fast to built up its own relatively weak brands, while Coca-Cola would need to rely on imports and construct a distribution system from scratch.

Meanwhile, Pepsi-Cola and its local partner Spendrups are anticipating an invaluable opportunity to grab market share.

They have plans to triple output to hit Coca-Cola and Pripps while they are weakest.

No respite for shareholders in Ferfin affair

Despite its poor timing the rights issue plan should today win support, says Andrew Hill

Mediobanca has been accused of many things in the 49 years since its foundation: interfering with the free market, furthering the ends of a closed business elite, carving up privatisations with its friends, and blighting the Milan borsa. But today it may for the first time be blamed for ruining a public holiday.

The strong and silent Milan merchant bank is co-ordinating a planned rights issue for Ferruzzi Finanziaria (Ferfin), the Italian holding company which owns controlling 30 per cent stakes in the Montedison industrial group and Fondiaria, the insurer. Ferfin shareholders will vote on the proposals today, a national holiday.

The banks which hold 70 per cent of Ferfin's shares are being asked to break into their long weekend to approve a L1,050bn ($658m) issue of new shares and warrants.

The plan is almost certain to win majority support. But the meeting could also give disgruntled rivals of Mediobanca a chance to criticise publicly the merchant bank's role in the restructuring of Ferfin and Montedison, for the first time since the banks rescued the linked companies from the wreckage of corruption and mismanagement two years ago.

Nobody really planned for this rights issue, not even Mediobanca, which has had a hand in most phases of Montedison's development since it was formed in the mid-1960s.

Under the merchant bank's original plan, announced on September 1, Ferfin would have merged with Gemina, an investment company controlled by Fiat, the automotive group, Mediobanca and the rest of the Italian business establishment.

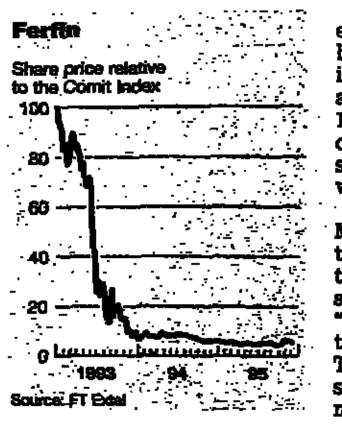
The "SuperGemina" deal would have created Italy's largest private-sector industrial group after Fiat itself, with interests from agribusiness to newspaper publishing.

The merger would have erased L2,000bn of debt at Ferfin's parent company. It would also have eased the banks' departure from Ferfin's shareholder register, two years after they became reluctant investors as part of the debt restructuring plan which saved Ferfin and Montedison from bankruptcy.

But the SuperGemina plan collapsed in October. The combined weight of losses at Gemina and its RCS publishing subsidiary was one factor. Judicial investigations into current and former executives, and criticism from analysts, market supervisors and the media about the plan's lack of transparency and industrial logic also contributed.

According to its creators, the plan is not dead, merely resting until market conditions improve. The rights issue is intended partly as an interim solution to Ferfin's financial difficulties.

By concentrating on core businesses, Montedison and Ferfin have returned to consol-



Source: FT Extel

idated net profit. But without SuperGemina, Ferfin's parent company will continue to labour under its debts. Figures released this week, showed that losses at the parent company had deepened to L226bn at the end of October, against L129bn in the first six months of the year.

But the rights issue plan has tried the patience of some banks, headed by Gruppo Bancario San Paolo di Torino, the banking group which is Ferfin's largest shareholder.

San Paolo is an important part of a loose alliance of financial groups which would like to challenge Mediobanca's dominance of the Italian financial sector.

It has described the issue as "unorthodox and unnecessary" and hinted publicly it would welcome an alternative solution, perhaps including a takeover.

No such solution has emerged, partly because Mediobanca followed up the rights issue announcement with the aggressive purchase of nearly 10 per cent of Ferfin's shares on the market, in a firm message that its strategy for Ferfin was not to be meddled with.

Mr Vincenzo Maranghi, Mediobanca's chief executive, told the bank's shareholders the stake had been bought to shore up Ferfin against "adventurers" who might want to take it over and break it up. That has been Mediobanca's sole public explanation for the move.

Perhaps the only irritation for Mediobanca is that its stake-building has provoked a formal request from Consob, Italy's takeover authority, for a public bid for more shares.

But the bank is fighting that ruling: court sources indicated yesterday that it had lodged an appeal against the Consob decision. The merchant bank has already engaged top lawyers, including one of the architects of Italy's comparatively new takeover code, to pick holes in Consob's reasoning.

The main fear for those not directly involved in the affair is that further manoeuvring could prolong uncertainty and further upset the Italian stock market, which is already at a low for the year.

Mr Attilio Ventura, who heads the Italian stock exchange council, claimed last week that "even good companies had suffered from the impact of operations like SuperGemina on the whole market".

As for the much-heralded battle between Mediobanca and its rivals over Ferfin's future, it may already be over.

San Paolo and other unhappy Ferfin shareholders have few options today. The Turin-based bank and its allies control some 20 per cent of the holding company, against more than 35 per cent in the Mediobanca camp.

They have already snubbed Mediobanca by refusing to join the consortium of banks that will underwrite the issue. Reports yesterday indicated San Paolo would not take up its own rights, thus saving money but losing further influence.

Some analysts believe that would be the most sensible decision, given that Mediobanca is already in control at Ferfin. The only open question is whether San Paolo chooses to go out with a fight by declaring its discontent in public at the shareholder assembly.

Three days ago, Mr Luigi Lucchini, the steel magnate who is Ferfin's chairman, called on the banks to "contribute to saving a situation which they themselves have already contributed to saving in the past".

They will almost certainly heed his call. But even if they do not speak out, there will probably be a few bankers at today's meeting who can think of better ways of spending both their cash and their holidays.

Founder of Super Club sues Philips for $2.96bn

By Ronald van de Krol in Amsterdam

Philips, the Dutch electronics group, confirmed it faced a multi-billion dollar law suit in the US from the founder of a video-rental subsidiary, but added the suit was filed three years ago and that it could not comment further while the case was sub judice.

The Belgian business daily De Financieel-Economische Tijd reported that Mr Maurits de Prins, the Belgian founder of Super Club, was suing Philips for $2.96 billion in damages in a Texas court.

Mr De Prins alleges Philips gained control of Super Club "in a criminal manner" and that he and other minority shareholders were deceived. He is suing Philips Electronics of the Netherlands, Philips of Belgium and North American Philips Corp.

The report said the Texan court accepted jurisdiction in September and that the case may be heard next year.

Philips came to the rescue of loss-making Super Club several times in 1990 and 1991, raising its stake in the process from 12 to 51 per cent stake. In 1992, it offered to buy the 49 per cent stake it did not already own for BFr150 a share in cash or a warrant on Philips shares worth BFr225 at the time.

This resulted in a dispute with minority shareholders who thought the sum should be closer to prices prevailing before Super Club ran up debt and fell into loss. At their peak, Super Club shares were worth more than BFr5,000 on the Belgian over-the-counter market.

However, shareholders accepted Philips' offer in May 1992. Philips in 1993 sold Super Club's US operations, accounting for some 75 per cent of the company, to Blockbuster Entertainment of the US.

The newspaper said Mr De Prins' claim of $2.96bn includes one for $1.1bn as compensation for the loss of value of the shares he sold. The court documents put the value of the shares at BFr5,400 each.

Deadline reached for final bids in Belgacom sell-off

By Emma Tucker in Brussels

The most ambitious attempt by a west European government to seek a strategic partner for its state telecoms company moves a step nearer to completion today when final bids for a 49.9 per cent stake in Belgacom, the Belgian operator, are handed over to the government.

The two shortlisted consortia are Swiss Telekom with KPN, the partially-privatised Dutch post and telecoms operator, and Ameritech, a US operator which has recently joined forces with Singapore Telecom and Tele Danmark.

Offers for Belgium's prize privatisation are expected to amount to at least BFr80bn ($2.69bn) – a figure based on a BFr160bn evaluation of Belgacom carried out by Petercam, a Belgian consultancy, in 1991.

They are due to be handed in by 11am local time at the Canary Wharf London headquarters of Morgan Stanley, the US merchant bank advising the Belgian government together with Belgium's Bank Degroof.

The cash-strapped, centre-left Belgian government hopes the chosen bidder will help haul Belgacom into shape ahead of full EU telecoms liberalisation in 1998. In spite of recent improvements under new management, the company suffers from a poor reputation and is the butt of jokes, especially among the many foreigners relocated in Brussels.

The government also believes the sale of 50 per cent minus one share of the company will strengthen Belgacom as a first step towards a stock market flotation.

Officials hope a final decision will be announced on December 22 – the last Council of Ministers meeting for the Belgian government before the Christmas break. But they have stressed the timetable may slip should the two bids prove difficult to compare.

The process is sensitive in Belgium where public sector unions are wary of the government's privatisation ambitions. Less than five months since Swissair purchased 49.9 per cent of Sabena, the national airline, staff have launched a series of unannounced one-day strikes in protest at a wage freeze and the introduction of flexible working practices.

A third consortium of British Telecommunications and Bell Atlantic withdrew from the bidding in October, saying they were worried about possible friction with workers as a result of restrictive labour laws. However, sources close to the bidding process said their withdrawal was more to do with disagreements between the two about how to proceed.

Apart from the sensitivity of redundancies, the winning partner will also have to take on an unfunded pension liability of BFr110bn. On the plus side they will join forces with a company that is the dominant player in the European Union's capital – a prime location for the European headquarters of international companies and a springboard for possible expansion into neighbouring France and Germany.

Poland's fast-track privatisation strategy breaks down

Change of plan means regional commercial banks will now be consolidated before they are floated

Poland's bank privatisation programme has reached an impasse. The sale of Bank Gdanski (BG) limps to a conclusion this week and hopes that the main part of the sector could be disposed of by the end of next year are proving unrealistic.

The government recognises that low domestic demand and lukewarm interest from abroad means its fast-track strategy of one-by-one bank sales, which has seen the disposal of Wielkopolski Bank Kredytowy (WBK), the Bank Slaski (BSK) and Bank Przemyslowo Handlowy (BPH), is doomed.

Instead, it has adopted a plan to consolidate several regional commercial banks into two strong financial groups headed by the state-owned Bank Handlowy and the PKO SA banks.

Under this approach, up to a fifth of the equity in the groups will be placed through a public offer in 1997 and the remaining shares will be used to capitalise pension funds envisaged under forthcoming public welfare reforms.

The plan gives a fillip to Bank Handlowy, which celebrates its 125th anniversary this year and survived the communist years as a foreign trade bank.

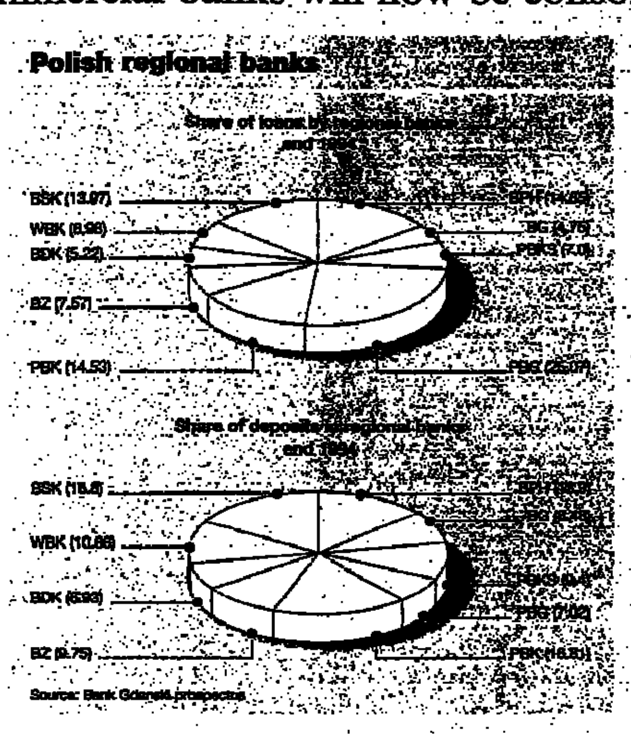
Yesterday, the bank said it was happy with the scheme, as it now faces competition from a group of German banks, including Deutsche Bank and the West LB, which have recently received banking licences and established wholly-owned subsidiaries in Poland.

The Handlowy, which has developed a branch network for its corporate business, not only needs to strengthen its capital base, like most other local banks, but also has to get its hands on retail deposits to reduce its borrowing costs.

Meanwhile, the consolidation plan, which needs special legislation and will take at least half a year before it is implemented, is meeting opposition from the regional banks such as Pomorski Bank Kredytowy (PBK), based in Szczecin, which want to retain their separate identity.

Last week, the government decided, as part of the plan, to hand 46 per cent of the equity it still holds in the listed BPH, based in Krakow, to the Bank Handlowy, without consulting the BPH management or the private shareholders.

This ruffled the feathers of ING Bank of the Netherlands and the European Bank for Reconstruction and Development, which hold large stakes in the BPH.



The government's approach is in contrast with a similar move to hand 64 per cent of the listed Polish Development Bank (PBR), in which Citibank of the US is a minority shareholder, to the PKO SA, and consultations with the management took place.

The move also raised fears among foreign investors that a tougher line was being adopted by the former communist-led government in the wake of last month's victory in presidential elections of Mr Aleksander Kwasniewski, which strengthened the former communists' position.

The ill-advised BPH decision was rushed through the council of ministers without consultations with the finance ministry, which shares responsibility for banking policy with the cabinet office (URM). The move demonstrated a breakdown in communications between the two institutions and could yet be changed. Only days before, the finance ministry had been discussing with BPH an open tender for its residual stake in the bank.

The fracas has done little to bolster confidence in the country's government or strengthen demand abroad for Polish banking assets.

Foreign demand remains weak, as shown by the finance ministry's decision to lower the public offer price of the Bank Gdanski to 24 zlotys, from the expected 27 zlotys to 30 zlotys. This is also the price at which it is being offered this week to domestic investors, with whom the government hopes to place 30 per cent. Another tranche of up to 30 per cent has been reserved for foreign institutions.

The one-at-a-time bank disposal strategy came in response to foreign institutions, such as the World Bank, which saw speedy bank privatisation as an important element of Poland's market reforms.

The strategy saw the establishment of the Polish Bank Privatisation Fund (PBFF) made up of grants and loans worth $460m, largely financed by the US Treasury and including a $180m loan from Japanese authorities.

The funds are to be used to service bonds the Polish government gave its banks to plug the gaps left when they cut debts owed them by domestic industries last year. But payments from the fund can only be made to privatised banks. Hence the initial haste.

Some vestiges of the original programme remain. The Warsaw-based Powszechny Bank Kredytowy (PBK) and the Bank Zachodni (BZ) in Wroclaw are due to be privatised around 1996.

But similar sales of regional, state-owned banks in Lodz (PBG), Lublin (BDK) and Szczecin (BPKS), which are to be bundled up with the Bank Handlowy and the PKO SA, would only force the share price down. The subsequent losses could outweigh the gains to be made from drawing on the PBFF. It would also unload more bank stocks on to the Warsaw stock exchange, where banks account for 34 per cent of the 11.1bn zlotys ($4.5bn) capital value.

Christopher Bobinski

Hungary proceeds with utility sales

By Virginia Marsh in Budapest

Hungary is today due to sell stakes in eight of its 14 electricity companies and in three gas distribution companies (GDCs) to German, French and Belgian utilities for a total of about $1.5bn.

The signings are the culmination of weeks of intense activity during which Hungary has attempted to privatise much of its energy sector.

In the past month it has held tenders for majority stakes in its five regional GDCs and for minority stakes in 14 electricity companies, and sold an 18.8 per cent stake in Mol, the national oil and gas company, to institutional investors for $150m.

APV Rt, the state privatisation agency, confirmed yesterday only eight of the tenders for the electricity companies were successful, but declined to disclose the winners or the size of individual bids.

However, bankers said Electricité de France and RWE Energie of Germany had each been awarded two power distributors while Bayernwerk and Isar-Amperwerke had won one distributor apiece.

Powerfin, a subsidiary of Tractebel of Belgium, and a German consortium of RWE and Energie-Versorgung Schwaben, had each won one power generation company. There was a possibility that losing bidders would make counter-claims ahead of today's signing ceremonies.

On offer were stakes of between 34 and 49 per cent in six distribution and seven non-nuclear generation companies and a 24 per cent stake in MVM, the core company, which holds the national grid and the Paks nuclear plant. The 14 companies had combined assets of Ft682bn ($3.29bn) at the end of last year.

APV said the electricity sales alone would generate about Ft180bn and it expected total privatisation revenues of Ft300bn this year, enabling it to meet comfortably a target of Ft150bn for the state budget, once expenses were deducted.

It will raise about $220m from today's sales of stakes of 50 per cent plus one vote in two GDCs to Gaz de France and one to Germany's Ruhrgas. It sold the largest regional GDC to Italgas for $172m last week while a fifth GDC is to go to a second round of bidding on December 11.

APV declined to comment on why it had not sold five of the seven electricity generation companies and the core company, but said some bidders had put in qualified offers. Analysts said there was a sole and qualified offer for the core company and that not all generation companies had received bids.

APV said it would continue to talk to strategic investors with a view to carrying on privatisation next year.

INTERNATIONAL COMPANIES AND FINANCE

Delta near agreement with union on cut-price services

By Richard Tomkins in New York

Delta Air Lines, the third biggest US carrier, has reached a tentative agreement with its pilots that could allow the company to launch cut-price services on short-haul routes where it competes with smaller, low-cost rivals such as ValuJet Airlines and Southwest Airlines.

If agreed by the leadership of the Air Line Pilots Association, the pilots' union, the deal would allow Delta to cut costs on routes where competition is fiercest by paying pilots lower wages and requiring them to work longer hours.

Shares in ValuJet plummeted as news of the pact emerged. Late on Wednesday, they fell \$3¼ to \$24⅞, and in early trading yesterday, they lost another \$3¼ to \$21⅛, making a fall of 24 per cent over the two days.

ValuJet has grown rapidly since setting up in Delta's territory two years ago. Described by Fortune magazine last month as one of the most successful start-ups in airline history, it recently astonished the industry by placing a \$1bn order for 50 new MD-95 aircraft with McDonnell Douglas – an unusually large order for an airline of its size.

Shares in Southwest Airlines, which is less exposed to competition from Delta, were off \$1⅛ at \$24⅞ at noon.

Delta, like other big US airlines, has been fighting back against growing competition from low-cost carriers by trying to reduce its costs. Its operating costs for each seat flown one mile were down from 9 cents to 8.4 cents last quarter, and it aims to have the figure down to 7.5 cents by June 1997.

However, Southwest Airlines had operating costs of just 7.06 cents per available seat mile last quarter, and ValuJet's were even lower at 6.96 cents. This means the smaller airlines have been able to undercut Delta's fares on routes where they compete.

Delta hopes a deal with its pilots will enable it to defend existing routes against low-cost competition and re-enter markets that it has been forced to yield. Its shares were off \$¾ at \$75⅝ at midday yesterday.

CIBC rises 14%, lifts payout

By Bernard Simon in Toronto

Canadian Imperial Bank of Commerce has capped a banner reporting season by Canada's banks with a 14 per cent advance in fiscal 1995 earnings and a dividend increase.

All five big banks have reported record results for the fiscal year to October 31. Their combined earnings totalled C\$4.93bn (US\$3.6bn), up 22 per cent from 1994. The advance stemmed largely from a sharp drop in loan writedowns and stronger lending volumes. Some banks' 1994 earnings were hit by sizeable one-time charges.

CIBC, the second biggest bank, lifted earnings to C\$1.02bn, or C\$4.18 a share, from C\$890m, or C\$3.52, a year earlier. Return on equity climbed from 11.7 per cent to 12.9 per cent, while return on assets rose from 0.60 per cent to 0.64 per cent. Total assets stood at C\$179.2bn on Oct 31.

The quarterly dividend has been raised by three cents, to 40 cents a share.

The results, powered by a 26 per cent advance in fourth-quarter earnings, were well above analysts' expectations. CIBC's share price rose 50 cents on the Toronto stock exchange yesterday morning to a record C\$40.

Annual loan-loss provisions fell from C\$880m to C\$680m, while the non-performing loan portfolio contracted by 11 per cent to C\$1.37bn on October 31.

Interest income grew 2 per cent, with stronger personal loan business offsetting narrower interest margins.

Non-interest income slipped slightly, reflecting lower underwriting and securities fees. However, fourth-quarter underwriting income grew 15 per cent.

The bank reported "healthy gains" by its fledgling insurance subsidiary, which is spearheading a drive by most of the Canadian banks into the insurance business.

Fourth-quarter earnings totalled C\$298m, or C\$1.26 a share, up from C\$236m, or 93 cents, a year earlier.

Two join Mexico telecoms race

By Leslie Crawford in Mexico City

Two international consortia yesterday joined the race to provide long-distance telecommunications in Mexico when the market is opened to competition in January 1997.

The Ministry of Transport and Telecommunications said one concession had been awarded to a joint venture between AT&T of the US and Grupo Alfa, the Mexican steel, petrochemicals and food conglomerate.

Another concession was granted to Unicom, a partnership between GTE Corp of the US, Bancomer, Mexico's second largest bank, and Telefónica of Spain's international subsidiary, Telefónica Internacional SA (Tisa). Three other consortia won concessions this year.

The deregulation of Mexico's \$7bn telecommunications market is expected to attract several billion dollars of investment over the next decade, although the new telecoms companies say much depends on how rapidly Mexico recovers from recession.

The groups are eager to develop new services, such as electronic banking and data transmission, as well as becoming rival carriers to Teléfonos de México, the privatised monopoly. Call revenues between Mexico and the US, estimated at \$2bn a year, are the biggest between any two countries in the world.

Alfa and AT&T plan to invest \$1bn over the next five years to build a fibre-optic network between Mexico City, Guadalajara and Monterrey – Mexico's three main business centres.

Unicom plans to invest \$900m over the next 10 years to build on Bancomer's embryonic electronic network.

AMERICAS NEWS DIGEST

Chrysler boosts its quarterly dividend

Chrysler has raised its quarterly dividend by a further 20 per cent to 60 cents a share, its fifth increase in two years. The US carmaker, which has been under heavy pressure from the financier Mr Kirk Kerkorian to pay out more of its cash pile, said the dividend was justified by the prospects for 1996.

Mr Robert Eaton, chairman, said: "While many in the industry have been lamenting the drop-off in auto sales during 1995, only a handful of years in US auto industry have been better." Next year could be "a little bit stronger", he added.

Chrysler said it had finished the \$1bn share buy-back programme announced a year ago, and expected to complete its next \$1bn programme by the end of next year. Together with dividends, this meant the company had paid out \$1.7bn to shareholders in the course of 1995. Chrysler has been accused by Mr Kerkorian, its biggest shareholder, of maintaining an excessive cash pile. The carmaker has contended that its cash of more than \$6bn is needed to fund it through the next cyclical downturn. *Tony Jackson, New York*

Brascan sells Westmin stake

Brascan, a holding company of Mr Edgar Bronfman's group, is selling its 77 per cent stake in Westmin Resources for C\$288m (US\$211m) and will include a C\$130m gain in the final quarter.

The Westmin shares will be sold via a secondary offering in two instalments. The underwriters are led by CIBC Wood Gundy. Brascan already controls Noranda, Canada's biggest mining, metals and forest products group, and its Westmin holding had become non-essential. It will invest the proceeds mainly in power generation, through subsidiary Great Lakes Power.

Westmin returned to profitability in the first quarter this year after several years of losses, mainly due to high costs at its principal mine on Vancouver Island. Brascan has been restructured and posted net profit of C\$161.6m, or C\$1.54 a share, in the first nine months of this year, almost double the year-earlier level. *Robert Gibbens, Montreal*

Banamex CP raises \$460m

Banamex, Mexico's leading commercial bank, said yesterday it had raised \$460m in a new commercial paper facility to strengthen its dollar funding base.

This is the third time Banamex has tapped the international capital markets this year. The bank was the first Mexican company to raise foreign funding in May, six months after the devaluation of the peso unleashed Mexico's financial crisis. It returned to the capital markets in August. In total, Banamex has raised \$1.04bn through private placements this year.

The latest commercial paper facility is backed by an international syndicate led by Barclays Bank of the UK. "The guarantees provided by the international banks will allow us to place commercial paper in the US with excellent ratings," Mr Jorge Hierro, Banamex's director for financial planning, said yesterday. *Leslie Crawford, Mexico City*

Concert forms Canadian link

Concert, the joint venture between British Telecommunications and MCI of the US designed to offer global telecoms services to international customers, yesterday announced plans to distribute its services in Canada. It has signed an agreement with Stentor Telecom, an alliance of Canada's leading telecoms companies, under which Stentor will be responsible for marketing and providing support for Concert services in Canada.

Concert is one of a number of global alliances designed to offer advanced telecoms services, including end-to-end voice and data services, frame relay and managed bandwidth services to companies with offices in more than one country. It has about 2,000 customers and revenues of \$1bn. The Stentor alliance was formed in 1992 and includes Bell Canada and NorthwesTel among its 11 members. *Alan Cane, London*

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading to 08.12.95: Pool purchase price £/MWh	Final Prices for Trading on 10.11.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	30.68	9.09	9.09
0100	40.12	20.13	21.58
0130	35.76	20.13	21.56
0200	35.76	21.25	22.78
0230	31.61	21.35	22.78
0300	43.01	21.35	22.78
0330	43.01	21.35	22.78
0400	31.59	12.78	14.22
0430	31.58	12.78	14.22
0500	31.59	9.02	9.02
0530	32.08	8.96	8.96
0600	32.08	8.97	8.97
0630	32.10	9.07	9.07
0700	35.97	12.94	14.38
0730	46.97	20.01	21.45
0800	65.97	20.43	21.88
0830	82.63	34.42	35.87
0900	88.72	40.39	41.85
0930	85.31	44.91	46.38
1000	82.93	44.92	46.39
1030	80.81	44.91	46.38
1100	79.88	40.40	41.86
1130	83.07	40.39	41.86
1200	83.76	40.38	41.85
1230	78.36	40.36	41.82
1300	63.60	34.41	35.86
1330	50.87	20.43	21.88
1400	47.22	20.43	21.87
1430	44.11	20.42	21.86
1500	45.03	20.42	21.86
1530	48.74	20.43	21.87
1600	106.97	20.89	22.49
1630	292.05	52.79	57.89
1700	491.08	83.00	92.92
1730	557.75	92.67	103.00
1800	436.65	84.29	93.13
1830	256.74	61.77	66.33
1900	140.26	44.72	47.05
1930	84.85	41.64	43.32
2000	57.00	38.05	39.52
2030	37.13	20.02	21.46
2100	34.67	20.42	21.65
2130	34.02	20.01	21.44
2200	32.21	20.01	21.44
2230	32.06	20.01	21.44
2300	31.20	12.94	14.38
2330	30.90	9.02	9.02
2400	30.90	8.97	8.97

Prices are determined for every half-hour in each twenty four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 ... between 9.30am and 5.15pm Monday to Friday.

©Energy Settlements and Information Services Limited

Brewers toast Brazil's reforms

Latin American brewing

Few sectors of Brazil's economy have felt the benefits of new-found stability as much as the brewing industry. After the launch of the government's economic reform plan in June 1994, beer consumption for the year increased 16 per cent over 1993. This year, growth is predicted at 20 per cent.

"Before the reform plan, there was a huge section of Brazilian society that hardly consumed anything," says Mr Adriano Blanco D'Ecrole, an industry analyst at research company Lafis in Sao Paulo. "The improvement in their economic situation has led to enormous growth for brewers."

Niche marketing means very little in Brazil's beer industry. Over 90 per cent of the market is in standard "popular" lager, and 70 per cent of consumers are from the poorer majority of the population. It is these consumers that have benefited most from the drop in monthly inflation from 50 per cent in June last year to less than 2 per cent now, and from the consequent increase in their disposable income.

Brewers are confident that new spending power in their core market will lead to continued growth in the next few years. Brahma, Brazil's biggest brewer, believes the market will increase from about 6bn litres a year to 10bn litres a year by the end of the decade. There is room for expansion: Brazilians drink an average of 46 litres of beer a year, half the average in the US.

Even if sales do grow by two thirds in the next five years, the market is likely to remain dominated by Brahma and its biggest rival, Antarctica. Their flagship beers each hold about 32 per cent of total sales, although Brahma takes an extra 13 per cent share with sales of Skol, brewed under license.

The key to the leaders' grip on the market is distribution. Antarctica says its beer is available in 97 per cent of the country, thanks to a network of 918 exclusive dealers delivering to 900,000 outlets. Brahma makes similar claims. The extent of their market penetration is astounding: in smart city neighbourhoods and shanty towns, from the deserts of the north-east to the remotest backwater of the Amazon basin, there is hardly a bar in the country that does not sell Brahma or Antarctica, or both.

The importance of a mature distribution system has forced foreign brewers hoping for a share of Brazil's growth to court the local market leaders. Anheuser-Busch of the US, the world's biggest brewer, took a stake in a new company formed with Antarctica in February after talks with Brahma came to nothing. Under the deal, Antarctica will first import and distribute Anheuser's Budweiser brand, and later brew it under license.

In a deal signed in September, Brahma formed a partnership with Miller Brewing to first import then brew Miller's Genuine Draft. Kaiser, the third placed brewer – whose market share has risen from 10 per cent to 14 per cent in the past five years, thanks in part to the distribution network provided by its parent company, Coca-Cola – brews Heineken lager in Brazil.

These deals offer foreign brewers the chance of dynamic growth outside static markets in the US and Europe. Although they can only hope for a small share of Brazil's market in the short term, it is worth pursuing. Imported and premium beers take at most 3 per cent of annual sales, but a 1 per cent share in Sao Paulo state is worth about \$60m a year. If the government succeeds in consolidating its economic reforms, the market for such beers should expand.

Nevertheless, the real potential in the short to medium term is in the mainstream, popular beers. The speed at which this market has grown in the past 18 months has taken the big brewers by surprise.

Brahma, Antarctic, Kaiser and fourth-placed Schincariol are investing in expansion and modernisation. Brahma is moving fastest; a new brewery in Rio de Janeiro state will expand its capacity by 1.2bn litres a year, bringing the company's total to 5.1bn litres a year in 1997, with the first extra capacity coming on line next year.

Foreign brewers trying to enter the popular market face a daunting task. "The popular market is very difficult indeed for foreign entrants," says Mr Eduardo de Souza, a brewing industry analyst at investment bank Banco Icatu in Rio de Janeiro. "The only way is by a strong association with a local brewer or by acquisition."

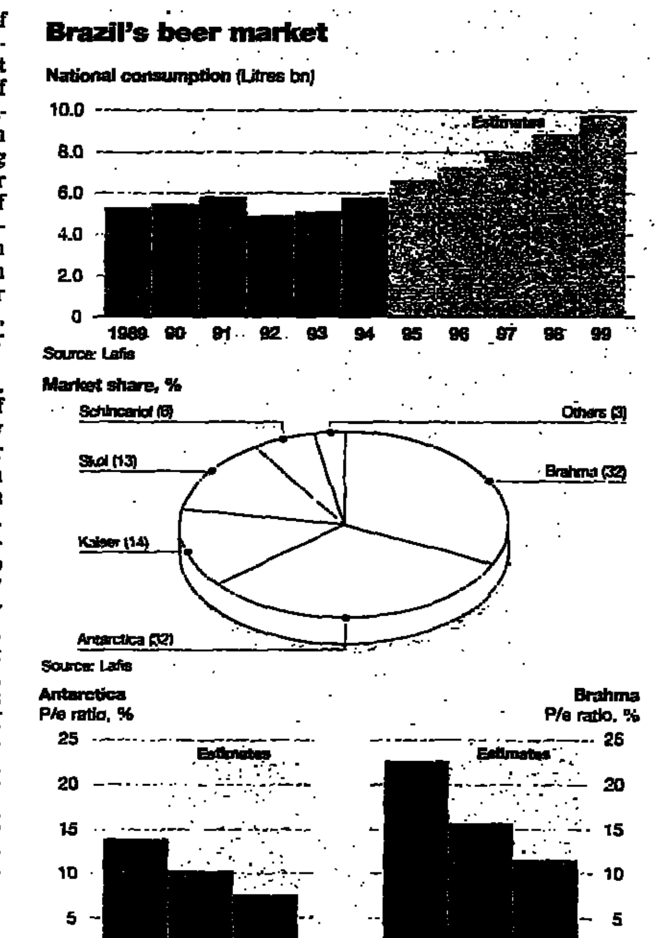
There has been speculation in recent months that Miller Brewing is preparing to make a bid for a substantial, even controlling, stake in Brahma. Mr de Souza does not rule out the possibility. "Brahma's controlling shareholders are aggressive investors who are getting an excellent rate of return," he says, "but they will always regard the company as an investment. If Miller made the right offer, they would probably sell."

A bid for Antarctica would be less straightforward. The company is 88 per cent owned by a charitable institution, Fundação Antonio e Helena Zerrenner, which would be reluctant to release control.

Another barrier to entrants is brand loyalty. Brazilians are fiercely loyal to their favourite brand; supermarket sales of Brahma and Antarctica are little affected by the presence of similar, cheaper beers. For the medium term at least, they have a comfortable future.

Jonathan Wheatley

This is the fourth in a series. Previous articles appeared on November 24, November 29 and December 6



هكذا من الاصل

ASHANTI GOLDFIELDS

Ashanti Goldfields Company Limited operates, at Obuasi in Ghana, one of the oldest, largest and richest gold mines in the world. Even now, with proven and probable reserves at 21 million ounces, this extraordinary mine is still hugely prospective. The strong cash flow from low cost production is being reinvested to identify new resources on site and to upgrade the mine. Exploration is also being actively pursued elsewhere in Ghana as well as in other parts of Africa where Ashanti is pre-eminently positioned to capitalise on opportunites.

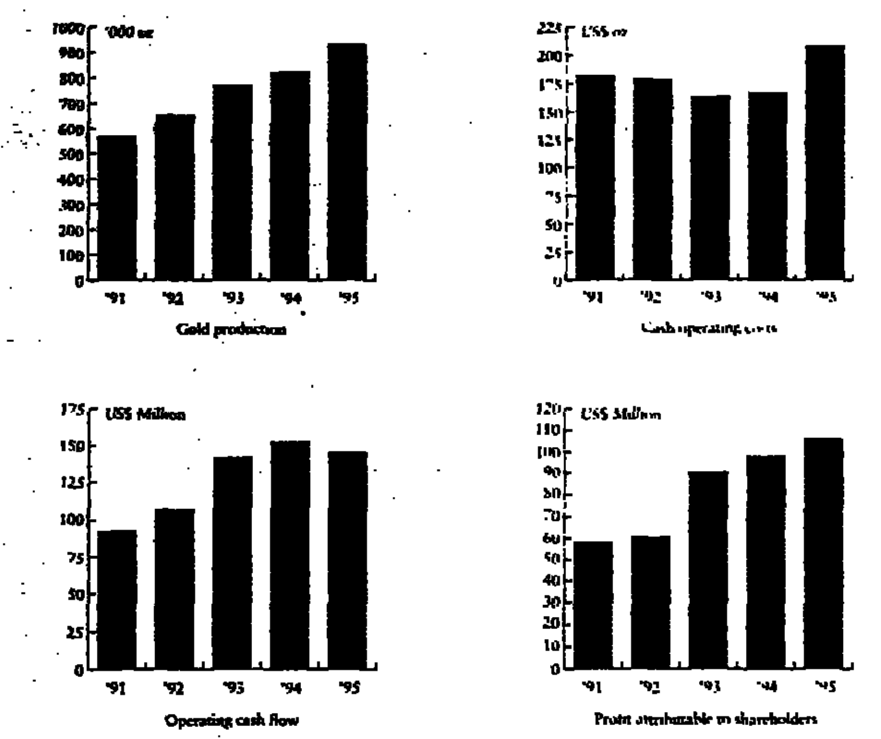
PRELIMINARY RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

"The financial results for 1995 continue Ashanti's unbroken record of growth over the last ten years in the profit attributable to shareholders with further increases in gold production, reserves and earnings, while elsewhere, additional improvements in safety and environmental practices were achieved.

"In 1995, Ashanti pursued its strategic priority of investing aggressively in expanding underground operations at Obuasi to their full potential, and applying our expertise towards the development of gold mining elsewhere in Ghana and in Africa as a whole. The Company now holds a high quality portfolio of gold exploration properties in Ghana and in five other countries."

HIGHLIGHTS



Financial Results	1995 US$	1994 US$	Change %
Turnover	387.7m	319.2m	+21.5
Profit before tax	106.2m	112.4m	–5.5
Profit after tax	105.8m	111.9m	–5.5
Profit attributable to shareholders	105.9m	97.8m	+8.2
Operating cash flow	145.4m	152.7m	–4.7
Earnings per share			
– before extraordinary items	1.22	1.33	–8.3
– after extraordinary items	1.22	1.17	+4.2
Dividends per share	0.375	0.25	+50.0
Operations			
Gold production *(ounces)*	932,323	822,954	+13.3
Cash cost per ounce*	208	167	+24.6
Capital expenditure	176.9m	125.4m	+41.0
Reserves			
Proven and probable** *(thousand ounces)*	20,962	19,679	+6.5

* *Cash operating costs exclude corporate administration.*
** *Part of the material included in the reserve declaration comprises surface measured resources potentially mineable by open cuts.*

Results
Profit attributable to shareholders rose 8.2 per cent to a record US$106 million (US$1.22 per share). 1995 profits were declared after deducting US$2.0 million for the costs of the share placement in August 1995, and after writing off US$2.8 million in respect of exploration programmes outside Obuasi which, while promising, have not yet delineated reserves.

The directors are recommending a final dividend of US$0.25, making a total for the year of US$0.375 per share, an increase of 50 per cent (1994 – US$0.25).

Hedging
The Company's successful hedging programme realised an average gold price of US$413 per ounce. This was US$29 per ounce higher than the average spot price for the year, resulting in a profit from gold hedging operations of US$27 million. Ashanti believes that gold has a bright future and that the continued strong fabrication demand will ultimately lead to a resurgence in the gold price. In the meantime, to provide a firm basis for cash flows, the Company has entered into contracts that cover 90% of scheduled 1996 production at an average price of US$416 per ounce, and that covers substantial proportions of production in later years at higher prices. These contracts are structured with the flexibility to enable Ashanti to benefit fully from rallies in the gold price above these levels.

Ashanti's hedging profits helped to contain the effect of a rise in average cash operating costs as the surface mining operation moved deeper into harder sulphitic material. Nevertheless, at an average of US$208 per ounce, Ashanti's cash costs remain among the lowest in the industry. In particular, gold output from underground operations, at a cash cost of US$202 per ounce, is a competitive and increasing proportion of production.

Production
Gold output from the Company's mine at Obuasi was 932,323 ounces, a 13 per cent increase over the previous year. Gold production from Obuasi has risen at a compound annual rate of 15 per cent since 1985, when Ashanti embarked on its strategy of modernisation and growth. There has been considerable progress during the last year with respect to the consolidation and improved flexibility of the underground operations. We are confident of achieving a further significant increase in gold production in the coming year.

Reserves and Resources
We recorded a substantial increase in proven and probable reserves at Obuasi. The Company increased reserves and resources (net of depletion) by 1.3 million ounces or 7 per cent to 21 million ounces. This was achieved through the expanded exploration programme that Ashanti began in the last year. US$13 million was spent on exploration at Obuasi, including a major diamond drilling programme underground, and new initiatives to search for surface deposits.

Development
Particularly exciting delineations were made at the southern end of the underground operations. These findings have encouraged us to invest aggressively in expanding production from underground. We have begun work on a new southern shaft, the Stonewall Shaft, with the capacity to hoist one million tonnes per annum from the rapidly growing reserve base at the southern end of the mine. We have accelerated the decline operation in the Timer Shaft Area and begun a second decline to access the high grade, near surface portions of the Cote d'Or and Obuasi reefs. Work has also begun on a 1.3 million tonne per year hydrafill plant, which will facilitate the expansion of highly productive mechanised mining, and a high speed underground railway to improve the movement of material between the major shafts.

These and other programmes in our Obuasi operations, including an expanded programme of stope development, involved an outlay of US$153 million in capital expenditure during 1995. The expenditure was financed primarily through Ashanti's strong cash flow from operations of US$161 million (US$145 million after working capital movement).

Investment
The Company expects to continue investing strongly in major programmes at Obuasi over the next two to three years. This world class ore body remains hugely prospective. The goal of our investment is to develop its potential to the full and, in particular, to expand the underground operation so that even when production from our large surface operations begins to scale down, the Company can maintain production from Obuasi at around the one million ounce per year mark for the foreseeable future.

Exploration and Business Development
Ashanti's other strategic priority in 1995 was to apply its expertise towards the development of gold mining in Africa as a whole. We are honoured to have been invited by the Governments of several fellow African nations to examine gold mining opportunities in their countries. Our strategic base in Ghana has enabled us to respond rapidly and Ashanti has selected exploration targets that offer good prospects of developing to the production stage, given their favourable geology and history of previous mining activity.

The Company now holds a high quality portfolio of gold exploration properties in Ghana and in five other countries: Guinea, Mali, Niger, Senegal and Zimbabwe. Heads of agreement have also been signed for Ashanti's entry into a joint venture in Tanzania. The exploration initiatives have been accounted conservatively, and US$2.8 million (as noted earlier) was written off against 1995 profits, while US$3.6 million was capitalised. Looking forward, we intend to develop these and other opportunities with the same managerial strengths as well as social and environmental sensitivities that have served us well at Obuasi.

Financing
1995 was no less innovative for Ashanti in the financial area. We broke new ground in the syndicated loan market in June with a US$185 million revolving credit facility that was subscribed to by 17 international banks. The keen pricing of the facility implies an investment grade quality for the Company's credit, and it was substantially oversubscribed. The proceeds of the facility were used to refinance long-term debt, with a considerable saving in interest expense, and to finance the expanded investment programme at Obuasi. In the equity market, Ashanti raised US$60 million in August from the issue of three million new shares, in one of the largest private placements undertaken primarily for gold exploration in Africa. The placement proceeds are dedicated to the business development and exploration programme, so that Ashanti can pursue new opportunities in Africa while continuing to develop Obuasi to the full.

Outlook
With a strong balance sheet, substantial cash balances of US$128 million, low debt gearing of 33 per cent and access to further financial instruments, Ashanti is well positioned to pursue gold mining developments in Ghana and elsewhere in Africa. We look forward to further successes in 1996.

Sam E Jonah

SAM E JONAH *Chief Executive*

If you would like to receive a copy of the Annual Report for 1995 please contact Corinne Gaisie, Ashanti Goldfields Company Limited, Roman House, Wood Street, London EC2Y 5BP. Telephone (0171) 256 9938.

ASIA-PACIFIC NEWS DIGEST

Further top-level departure at Fairfax

John Fairfax, the Australian newspaper publisher, saw its second senior management shake-up in less than a week yesterday with the resignation of Mr Doug Halley, finance director. Mr Halley is being replaced by Mr John Greaves, currently chief financial officer at Optus Communications, the telecommunications group.

The move was not entirely unexpected, however. Mr Bob Mansfield, the former boss of Optus, recently took over as Fairfax's chief executive, and there was speculation he was trying to persuade his former colleague to join him at the newspaper group.

Mr Halley's resignation is effective immediately, although Mr Greaves will not join the company until February. Mr Mansfield described the departure as "a considered decision, reached amicably in consultation with the chief executive". Mr Michael Hoy, Fairfax's deputy chief executive, also resigned this week, saying there was room for only one pair of hands at the group's helm. *Nikki Tait, Sydney*

Samsung secures chip deals

Samsung Electronics of South Korea, the world's largest producer of memory chips, has secured guaranteed semiconductor sales to leading electronics and computer companies until 2000. The signing of long-term supply contracts is likely to ease investor concerns that Samsung's high profits, which are expected to be more than $3bn this year, could be threatened by a possible supply glut within the next few years.

Samsung is the first memory chip producer to sign long-term supply contracts, replacing agreements that usually last between six months and a year. The company denied local reports that the value of the contracts would total $65bn and refused to disclose its long-term customers, excluding AST Research, a US maker of personal computers in which it has a substantial minority stake. Samsung has predicted its semiconductor sales will increase 50 per cent to $7.7bn this year. *John Burton, Seoul*

Kia surprises with profit forecast

Kia Motors, South Korea's second largest carmaker, has predicted it will post a profit of Won20bn ($26m) in 1995, after suffering a loss of Won70bn last year because of heavy capital expenses.

The expectation of recovery is based on increased sales, with a 30 per cent jump in exports to 273,000 vehicles and a 5 per cent rise in domestic sales to 432,000 cars. It expects sales next year to rise 29.8 per cent to Won7.400bn. The 1995 earnings forecast surprised many analysts since Kia had reported a loss of Won12.3bn for the first half of the year. "The management is under intense pressure to raise profits," said one analyst at a foreign securities firm in Seoul. *John Burton*

SABB to increase capital

The Saudi British Bank is to raise its paid-in capital by 25 per cent next year by issuing bonus shares to shareholders, and plans eventually to double the capital. Mr Abdullah al-Huqeel, chairman, said the bank would raise the capital from SR1bn to SR1.25bn ($333.3m). He added that the bank would seek approval from the Saudi authorities before asking shareholders to ratify the plan at a meeting in February next year.

The bank, 40 per cent owned by HSBC Holdings, the parent of Hong Kong and Shanghai Banking, said it planned to issue the shares on a one-for-four basis. It added that it intended to continue issuing shareholders with bonus shares gradually until it had doubled its current capital. SABB boosted its paid-in capital by 150 per cent to SR1bn in 1993 by offering 1.2m shares to the public and 800,000 shares to its foreign partner. *Reuter, Manama*

News Corp denies disposal plan

Mr Rupert Murdoch's News Corporation yesterday said it had no plans to dispose of its larger circulation newspapers in Australia. "The Sydney Daily Telegraph, Mirror and Sunday Telegraph and the Melbourne Herald-Sun and Sunday Herald-Sun are an integral part of our business ... we have no plans to dispose of these assets," said Mr Ken Cowley, chairman of News Ltd. There was a flurry of market speculation in Australia this week over a number of media assets, much of which has now died down. *Nikki Tait*

Macquarie Bank discloses stake

Macquarie Bank, the Australian investment bank, yesterday disclosed that it had built up an 11.12 per cent stake in Challenge Bank, the Western Australian bank which is being acquired by Westpac, the large national bank, for A$689m (US$508m). *Nikki Tait*

Move to drop fuel subsidies hits Sasol

By Mark Ashurst in Johannesburg

The South African government yesterday signalled its commitment to abolish protective subsidies in the local fuel industry, unveiling plans that will cost Sasol, the synthetic fuels producer, about R3.4bn ($927.4m) in the period to 2000.

The announcement that the R1.1bn subsidy to Sasol would be cut by R500m next year, and phased out entirely by July 1997, ended months of speculation and Sasol's share price rallied slightly to close yesterday at R29.25, up R2.50 – or about 9 per cent. Prices hit a low for the year of R26.25 on Monday.

Mr Paul Kruger, chief executive, said the company had been dealt "far more severe" treatment than other capital intensive local industries being reviewed by the revamped Board on Tariffs and Trade. These include motor manufacturing and textiles.

Sasol, whose synthetic fuels market share is 35 per cent, is the country's only oil company which refines fuels from coal. The subsidy was to protect it against cheaper imports of crude oil, and is calculated on the difference between a set floor price and the ruling oil price.

The floor price stands at $21.40 a barrel, but will be reduced to $19 for the first half of 1996 and then $18 for the second half.

Mr Pik Botha, minister of mineral and energy affairs, said this would be phased down to $16 by July 1999, a level at which there was "effectively no protection".

Analysts said Sasol would have remained profitable without the subsidy, but instant abolition would have plunged management into disarray. The gradual phase-down recognised a commitment by Sasol to develop the downstream petrochemicals sector, where Mr Botha had "a vision" of 150,000 new jobs.

The government has gone further than the recommendations of an enquiry by Arthur Andersen, commissioned by the National Economic Development and Labour Council, which favoured a more gradual phase-out and the maintenance of a minimum subsidy.

Earlier this year, the South African Petroleum Industry Association walked out of negotiations at the tripartite council, which involves business, labour and government in policy development, in protest at Arthur Andersen's support for the principle of a subsidy.

The Association represents the country's six oil companies: Engen, BP, Shell, Caltex, Zenex and Total. All are obliged to buy synthetic fuel supplies from Sasol as a condition of access to the South African retail market.

CRA gives go-ahead to A$1bn zinc mine

By Nikki Tait in Sydney

CRA, the Australian resources group 49 per cent owned by RTZ of the UK, yesterday gave the green light for the development of the Century zinc mine in Queensland, now costed at A$1.14bn (US$84.4m). At full production, Century will be the world's largest supplier of zinc concentrate.

The go-ahead is subject to final agreement with local Aboriginal communities. They have claimed native title over about 247 hectares of land, encompassing the proposed mine site. However, last month the Federal Court indicated that such rights had been extinguished by a pastoral lease granted in 1904.

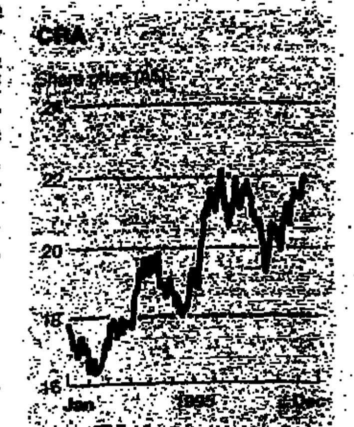
CRA has been talking to indigenous communities about a A$60m benefits programme, but yesterday said it did not expect these discussions to be concluded until early next year.

Assuming this issue is resolved, production could start in late 1997 or early 1998. Full annual production would be about 450,000 tonnes of zinc concentrate, and the life of the mine is estimated at 20 years. The project, north-west of Mount Isa, will create 2,000 jobs, directly and indirectly. The plan is to pump the zinc concentrate down a slurry pipeline to the Gulf of Carpentaria, where a port loading facility will be developed.

The capital cost has increased sharply from the A$750m figure circulated a year ago. CRA said much of the estimated expenditure reflected the fact that the site is in an area with little infrastructure. There are, for example, only a few unsealed roads which become impassable in the wet season.

In addition, the company now plans to own the haulage fleet. CRA also said yesterday extra expenditure had been authorised so equipment could be ordered to enable it to supply clean concentrates to the Dutch Budel Zink smelter, owned by Pasminco, by mid-1998.

The go-ahead for Century comes comes less than two weeks after the Queensland government decided to pursue a new mining royalties regime in the state. CRA has complained that this will raise the royalty cost at Century by about A$240m over the mine's life.



Fujitsu chief offers ICL reassurance

By Alan Cane

Mr Takuma Yamamoto, chairman of Fujitsu of Japan, paid an unexpected visit to the UK yesterday to reassure customers of ICL, the UK computer company in which Fujitsu has a majority stake, that relations between the two companies would not be affected by the departure of ICL's chairman.

Mr Peter Bonfield, ICL chairman and chief executive, becomes chief executive of British Telecommunications next month

Mr Yamamoto expressed his support for Mr Bonfield, who will continue his involvement with ICL after he is replaced as chief executive by Mr Keith Todd. Fortuitously, he was also on hand, to help Fujitsu's European systems group celebrate a signal success: replacing computers for weather forecasting built by Cray, the US-based world leader in supercomputers, with its own top-of-the-range machine.

The European Centre for Medium-Range Weather Forecasts based in Shinfield, Berkshire, said it would spend £25m ($38.5m) with Fujitsu over the next five years on supercomputer systems, software and maintenance.


Takuma Yamamoto: relations with ICL would be unaffected

By 1998, the Fujitsu system should offer 25 times the computing power of the centre's existing Cray computers. Dr David Burridge, the centre's director, said it would mean more detailed forecasts in the short term and more reliable long term forecasts.

It is the kind of breakthrough in world computing which may happen with increasing frequency as Fujitsu encourages its world-wide family of companies – ICL in Europe, Amdahl and HAL Computer in the US – to pool their technological expertise. The Japanese group is second only to International Business Machines in the world league of information technology companies.

Mr Yamamoto pointed to the example of "Team Work" a suite of software programs developed by ICL in Finland which the group intends to brand and market globally.

Designed to make it easier for groups of workers to collaborate, it is a direct competitor to Lotus' "Notes". There are 500,000 users worldwide and it has been adopted by NTT, the Japanese telecoms operator.

Mr Yamamoto said that while he would seek synergies between the members of the family in research, product innovation and development, each member would have responsibility for sales and marketing in its own region.

He thought it was possible Fujitsu would acquire or form partnerships with companies, especially where they had skills or expertise missing in the existing group members such as multimedia or distance learning. He said the company was looking at the possibility of investing in Eastern Europe, perhaps in Hungary or Poland.

Mr Yamamoto said Fujitsu was still committed to floating ICL on the London stock market when economic conditions were right. Mr Bonfield would remain as non-executive chairman of ICL until a new chairman was appointed. He would then take the role of deputy chairman until the flotation was complete.

San Miguel, Nestlé units set to merge

By Edward Luce in Manila

San Miguel, the Philippines' largest beer and consumer food company, is merging its loss-making ice-cream subsidiary with Nestlé Philippines (NPI), in which it already has a 45 per cent stake.

Nestlé and San Miguel, which together dominate the country's consumer food market, said Magnolia Nestlé, a joint ice cream venture between the two groups, would merge with Nestlé Philippines – the multinational's third largest subsidiary in Asia with annual sales of about 19bn pesos ($725m).

Nestlé retains a 55 per cent stake in NPI.

Magnolia ice cream has been losing market share to rival products since it was established two years ago. However, it still holds 56 per cent of the market.

NPI, which has about 40 per cent of the Philippine coffee market and a large share of milk sales, said the merger would further enhance the company's 35-year partnership with San Miguel.

"San Miguel is the largest Philippine food company and Nestlé is the world's largest, so this enhanced relationship makes perfect sense," said Ms Gina Dipaling, an analyst at Asia Equity Securities in Manila.

"This will reduce overheads and lead to a further pooling of resources between the two giants," she added. San Miguel's B shares, which are open to foreign buyers, closed marginally lower yesterday at 86 pesos.

Strong rise at New Africa Investments

By Mark Ashurst

New Africa Investments (Nail), South Africa's largest black-controlled holdings company, posted a 145 per cent rise in attributable income to R29.7m ($8.1m) for the year ended September 30.

A strong performance from insurance and publishing interests pushed earnings per share up 18 per cent, from 5.9 cents to 7 cents. A final dividend of 2.6 cents, up from 2.5 cents, was declared, while the dividend per preference share rose 24 per cent to 2.66 cents.

Income before exceptional items advanced 77 per cent to R26.9m. The sale of half the group's 20 per cent stake in Mobile Telephone Network to SBC, formerly Southwestern Bell, of the US for R106m generated an exceptional of R15.3m. All proceeds are to be reinvested in the forthcoming MTN rights issue.

Metropolitan Life, in which Nail has a 30 per cent stake, showed strong growth with earnings per share up 22 per cent and dividends 24 per cent. The Sowetan, a daily tabloid newspaper in which Nail has a 53 per cent share, continued to improve sales and earnings.

Total assets controlled by Nail, including Metropolitan Life, increased to R9.1bn from R7.6bn. Corporate Africa, the parent whose only assets are a 51 per cent stake in the ordinary equity and a 30.5 per cent stake in the preference equity of Nail, lifted attributable income to R10.8m for the year. A final dividend of 2.2 cents per share, against 1.47 cents, was declared for ordinary and preference shares.

Sony joins forces with Oki in chip technology

By Michiyo Nakamoto in Tokyo

Sony, the consumer electronics company, and Oki Electric, one of Japan's leading semiconductor manufacturers, are joining forces to develop advanced technology for next-generation semiconductor chips.

Sony and Oki are to develop technology to combine the memory and logic functions of semiconductors on a single chip with line widths of 0.25 microns.

They are pooling their resources in order to reduce development costs.

Current generation chips, such as 16-megabit dynamic random access memory chips, have line widths of 0.5 microns.

However, semiconductors with greater memory capacity, such as the 256 megabit D-Rams which leading semiconductor manufacturers are developing, will need finer line widths of 0.25-microns in order to put the larger amount of memory on to a single chip.

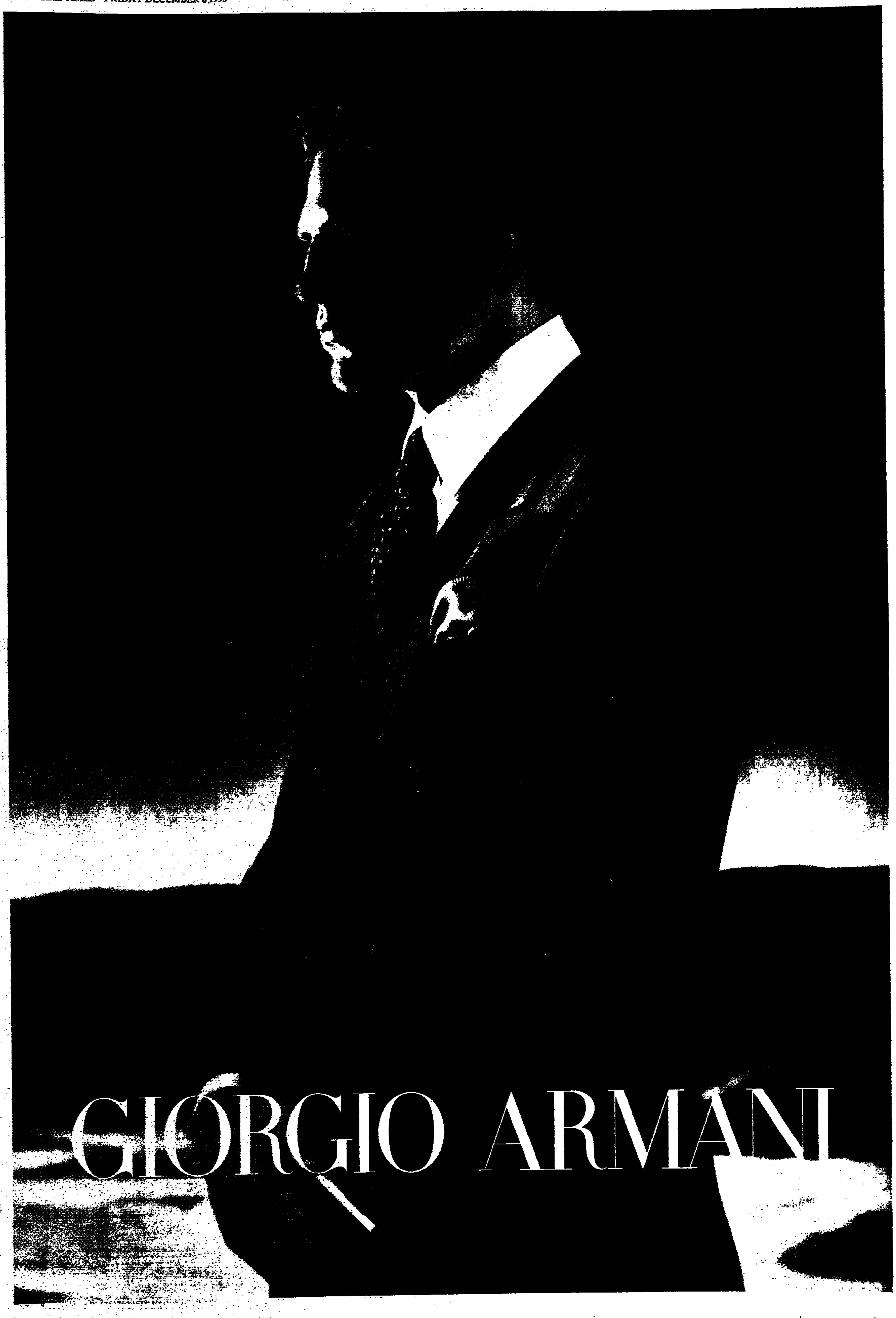
By combining the memory and logic functions of semiconductors on a single 0.25-micron chip, users will be able to reduce the number of chips required in a product, and the reliability of the chips is expected to improve significantly, Oki said.

As a result, the chips are expected to be useful for a large number of applications, the company added.

Sony plans to use the technology for application specific integrated circuits (Asics) – custom-made ICs that are playing an increasingly important part in advanced consumer electronics.

It does not plan to use the technology to enter the market for advanced memory chips.

Oki is also interested in developing Asics as an end product, although it has left open the possibility that the technology will be used for advanced 256-megabit dynamic random access memory chips.


GIORGIO ARMANI

COMPANY NEWS: UK

VSEL helps GEC rise by 6%

By Bernard Gray, Defence Correspondent

The General Electric Company lifted pre-tax profits 6 per cent from £378m to £402m ($635m) in the six months to September 30.

Lord Prior, chairman, said progress was being made on finding a successor to Lord Weinstock, managing director, and the company still anticipated making an announcement in the spring.

Despite slow growth in turnover to £4.89bn (£4.84bn), Lord Weinstock was optimistic that each of the main businesses had good long-term growth prospects.

Profits at GEC-Marconi, the defence and electronics subsidiary, were held back by further provisions against increased development costs on a number of projects.

GEC-Marconi has a fixed price contract to develop the Phoenix unmanned reconnaissance aircraft, against which it made provisions in its 1994 full-year accounts. It is also working on the radar, flight control system and electronic warfare suite for the Eurofighter, with radar development proving particularly difficult.

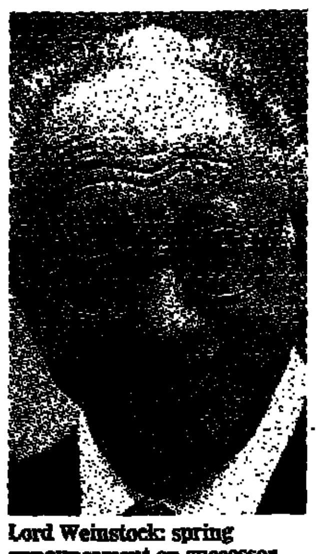
The impact of the provisions was partly offset by a first time contribution from VSEL, the submarine maker acquired in the summer, and from Ferranti Thomson Sonar Systems, in which GEC now has a 50 per cent share. Overall defence profits were static at £80m (£79m).

Tough market conditions resulted in lower profits at GEC Alsthom, the power engineering and transport joint venture with Alcatel Alsthom of France, of £76m (£78m).

GPT, the telecommunications joint venture with Siemens of Germany, was the best performing large division. Profits were £62m (£54m) after strong demand for its telecoms transmission system boosted sales.

However, returns on cash were higher at £83m (£70m) in spite of the fall in cash balances because inflows occured early in the year and the substantial cash outflow to pay for VSEL fell near the end of the period. Higher interest rates also boosted returns.

Lex, Page 16



Lord Weinstock: spring announcement on successor

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abbeycrest	6 mths to Sept 1	22.7	(22.2)	0.09	(0.042)	0.3	(0.2)	1.2	Jan 19	1.2	-	3.8
Airsprung Furniture	6 mths to Sept 30	39	(36.6)	1.8	(2.33)	4.43	(5.89)	1.7	Jan 26	1.7	-	5.4
Alvis	Yr to Sept 30	101.4	(80)	8.74♥	(5.83♠)	10	(2.5)	1.25	Feb 19	0.5	2	1
Assoc Brit Eng	6 mths to Sept 30	25.4	(29.7)	1.34L♠	(0.315)	0.54L	(0.08)	-	-	-	-	0.06
Compass	Yr to Oct 1	1,506	(917.9)	73.2	(55.7)	22.6†	(19.2)	5.15	Mar 25	4.56	7.6	6.87
Cook (DC)	6 mths to Oct 31 ★	89.7	(77.5)	2.01	(1.57)	3.15	(2.46)	0.65	Jan 23	0.45	-	1.5
Dewhurst	Yr to Oct 1	15.3	(11.4)	1.58	(1.33)	9.29	(7.82)	1.8	Mar 4	1.6	2.7	2.35
Drummond	6 mths to Sept 30	25.5	(25.8)	0.551	(0.393)	1.84	(1.35)	0.4	Jan 22	nil	-	0.75
Estates & Agency	Yr to June 30	5.2■	(4.88■)	1.34	(1.1♥)	16.22	(13.9)	10	Jan 17	9	14.5	12.5
Eve §	6 mths to Sept 30	45.2	(33.8)	0.25	(2.5)	1.7	(16.1)	1	Mar 21	3	-	11
Fine Art Devs	6 mths to Sept 30	143.8	(122.3)	6.2	(5.78)	5.18	(4.97)	3.7	Jan 25	3.5	-	15.3
GEC	6 mths to Sept 30	4,886	(4,842)	402	(378)	9.1	(8.8)	3.1	Mar 29	2.95	-	11.37
Gibbon	6 mths to Sept 30	14.4	(13.6)	1.3	(0.973)	7.8	(6.4)	2.5	Feb 15	2.2	-	6.2
GUS	6 mths to Sept 30	1,203	(1,152)	237.5	(226.8)	15.7	(14.9)	5	Mar 29	4.5	-	15♦
Greenalls	Yr to Sept 29	765.9	(720.4)	100.7♥	(74.8♠)	36.91	(26.58)	8.44	Mar 1	7.766	14.2	13.1
Greycoat	6 mths to Sept 30	18.7	(17.3)	1.7	(3.5♥)	1.3†	(3)	nil	-	nil	-	0.6
GWR §	Yr to Sept 30 ★	32	(20.3)	5.31	(3.11)	6.5†	(4.8)	1.31	Apr 6	0.94#	2.25	1.83#
Hartstone	6 mths to Sept 30	105	(111)	2.93	(2.65)	0.8†	(1.1)	0.16	Jan 31	nil	-	0.32
Heath (Samuel)	6 mths to Sept 30	4.25	(3.82)	0.304	(0.103)	6.8	(2.3)	3	April 3	1.5	-	6
Ideal Hardware	27 weeks to Nov 3	60.9	(45.7)	2.93	(2.34)	9.15	(7.51)	4.2	Jan 5	3.4	-	8.6
Lovell (YJ)	Yr to Sept 30	301	(251)	32.4L♠	(4.16)	84L	(9.4)	nil	-	1	nil	1
Norbain	6 mths to Oct 31	32	(23.4)	1.7	(1.13)	10.56†	(9.1)	2.5	Feb 1	-	-	5
Novo	6 mths to Sept 30	8.49	(8.79)	1.46	(1.13)	1.85	(1.71)	0.4†	Feb 22	0.1	-	0.9
Rainford	6 mths to Sept 30	42.2	(23.2)	3.46	(1.91)	9.7	(6.1)	2	Jan 16	-	-	-
St James Beach	6 mths to Sept 30	5.74	(3.46)	0.203L	(0.051L)	1.57L	(0.58L)	1.5	Feb 1	1.25	-	4
Sutcliffe Speakman	6 mths to Sept 30	12.3	(11.4)	0.541	(0.306♠)	0.44	(0.04)	0.325¤	Jan 25	0.25	-	0.5
United Drug ♣	Yr to Sept 30	214	(169)	5.05	(4.41)	19.69	(17.63)	5.55	Feb 14	5.15	8.1	7.5

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Dartmoor	6 mths to Oct 31	109.5	(93.7)	3.95	(1.81)	8.2†	(7.54)	2.9‡‡	Jan 31	2.8	-	11.6⁂
Jos		-		-		-		3.33‡	Jan 12	2.95	-	13.525

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ★Comparatives restated. ■Net income. ♦Excludes 30p special. §USM stock. #Adjusted for share subdivision and scrip issue. ¤Foreign income dividend. ♣Irish currency. ‡‡Second interim; makes 5.8p to date. ⁂Excludes 0.4p special. ‡First interim.

Indonesia doubts over Kvaerner bid for Amec

By Andrew Taylor, Construction Correspondent

The Indonesian government is considering expressing concern to British ministers about the proposed takeover of Amec, the construction and engineering group, which is leading British efforts to develop the $47bn (£29.7bn) Natuna offshore gas field.

Kvaerner, the Norwegian shipbuilding and engineering group, has made a £360m hostile bid for Amec.

Amec already has a joint venture with PT Pal, Indonesia's state-owned shipbuilder, and is expected to provide a focal point for UK bids for Natuna work.

Mr Junus Habibie, the Indonesian ambassador in London, said yesterday that Amec had been asked to form a consortium to bid for contracts to supply up to about 18 deep-water platforms.

The project could lead to substantial spin-off orders for other British engineering groups such as Rolls-Royce and GEC, said Mr Habibie.

He declined to be drawn on the consequences of a takeover of Amec. But it is highly unusual for an ambassador to comment on commercial relationships with a foreign company when it is involved in takeover bid.

The ambassador's brother, Mr Yusuf Habibie, Indonesia's minister for research and technology, has been closely involved in discussions with Amec, which has joined forces with Trafalgar House of the UK to bid for Natuna work.

Amec, which expects to generate big profits from the field during the next decade, said the potential for orders for British companies could run into billions of pounds.

Unigate gets Fl 745m for Nutricia stake

Unigate, the UK foods and distribution group, has sold its 29 per cent stake in Nutricia for Fl 745m, write David Blackwell and Antonia Sharpe.

The group is likely to receive a further £30m in the next 30 days when an over-allotment option is exercised. Such an option is used to stabilise the share price, and if it is exercised in full Unigate will have no further shares in Nutricia.

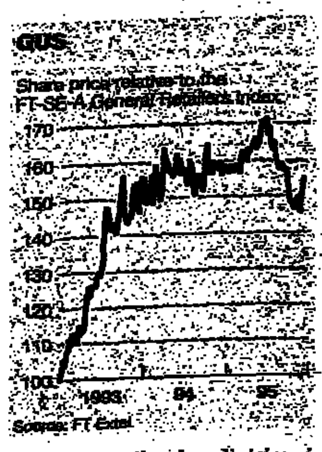
Speculation will now centre on the use Unigate will make of the proceeds after eliminating its £174m of net debt.

Mr Ross Buckland, chief executive, said last month he would be looking for acquisitions in the core food or distribution businesses, in the UK or Europe.

Unigate sold the Nutricia shares for Fl 120, compared with the market price of Fl 117 when the disposal was announced in the middle of last month.

LEX COMMENT

Great Universal Stores



The prospect of Great Universal Stores getting the Next treatment has rightly excited the stock market. Next chairman Lord David Wolfson of Sunningdale will not take the reins at GUS until September 1996, but his arrival is almost bound to mark a shift towards a more aggressive style of management at one of the most conservative UK retailers. Trusty GUS, with nearly 50 years of continuous profits growth, is far from being a recovery stock like Next, but there is still plenty of scope for earnings growth from the existing businesses. In particular, its mail-order division is well positioned to benefit from the advent of home-shopping through computer terminals and televisions, which could be used to broaden sales to include the upper end of the market. Shareholders would also be better served by more rapid deployment of GUS's cash pile – through another special dividend, if no suitable acquisitions catch the eye.

Even without the frequently mooted break-up of the company, the shares are still looking cheap, at a premium to the market of only 10 per cent, based on expected 1996 earnings. This compares with the retailing sector's premium of about 25 per cent. The disparity is less dramatic than it might appear. The retailing sector is looking overvalued after this year's outperformance by recovery stocks and even those with unproven recovery potential. Since the worst scenario for GUS is probably continued steady growth, a re-rating is overdue.

DIGEST

US buy behind Compass advance

Compass, the contract catering group that is on the verge of selling its healthcare division, lifted annual profits by almost a third as last year's US acquisition kicked in strongly. Canteen, bought for $450m in April 1994, contributed £27.1m ($43m) to profits and £697m to sales. There was no contribution from Eurest International, bought in September for £584m.

Mr Francis Mackay, chief executive, said the group was in "very strong market positions in all our geographic areas." Margins at Canteen had been raised and the integration of Eurest had gone smoothly. *David Blackwell*

Allied Irish buys John Govett

Allied Irish Banks is buying John Govett, the UK fund management arm of Govett & Co, for £101m ($160m). As a condition of the deal, Govett & Co will change its name to London Pacific Group. "We borrowed the Govett name when we acquired them. We gave it back when we sold them," said Mr Michael Mayer of Govett & Co.

Although it is considering acquisitions in the US life insurance, trust administration and fund management business, the company also plans to return some of the cash from the sale to shareholders through a share buy-back.

Littlewoods rejects approaches

The 32 members of the Moores family who own Littlewoods, the football pools, retailing and mail order group that is Britain's largest private company, have voted by four to one to reject all approaches for the business and keep it private. *Ian Hamilton Fazey and Neil Buckley*

Ashanti in agreed bid for Cluff

Ashanti Goldfields of Ghana, the mining group quoted in London and Accra, announced an £80m ($126m) recommended offer yesterday for Cluff Resources, the UK-based company with gold mining operations in Africa. The Ashanti offer, underwritten by BZW, is one share for every 12 Cluff shares. There is a full cash alternative, to be financed from new bank borrowings, of 105p per Cluff share. *Geoff Dyer*

GUS keeps changes in the family

Lord Wolfson of Sunningdale, chairman of retail group Next, is to succeed his cousin Lord Wolfson of Marylebone as chairman of Great Universal Stores, the retail and financial services group, reviving speculation about a tie-up between the two groups. Shares in GUS gained 18p to 632p, and Next's gained 5p to 449p, as the City weighed up a merger of the companies, or a joint venture between their mail order divisions, writes Neil Buckley.

GUS also announced the continuation of its 48-year run of unbroken profits growth with a 4.7 per cent increase in interim pre-tax profits.

Mr Richard Pugh, deputy chairman, said GUS was experimenting with new forms of home shopping, including a service on the Internet. However, this had taken less than £100,000 in business since its launch in the spring.

Changes announced to FT-SE Actuaries Share Indices

National Grid set to join FT-SE 100 on Monday

The FT-SE Actuaries UK Indices Committee met yesterday to approve changes to index constituents resulting from the demerger of National Grid Group and from the quarterly and annual review of the FT-SE Actuaries Share Indices.

National Grid will join the FT-SE 100 index on Monday, subject to official listing being granted. Inchcape will be excluded from the index on that date.

When calculating the market value of the appropriate regional electricity companies (recs) in the reviews, the committee used the "when issued" price, assuming that they had distributed their shares in National Grid.

The quarterly review of the FT-SE 100 index resulted in the addition of five companies (their rankings by capitalisation at the close of business on December 5 1995 are shown in brackets). The companies are: Pilkington (87th), Burton Group (90th), Smiths Industries (91st), Argos (96th) and Foreign & Colonial Investment Trust (97th).

The companies being excluded are: Arjo Wiggins Appleton (120th), London Electricity (118th), De La Rue (115th), Sears (113th) and Midlands Electricity (112th). The changes will take place on Monday, December 18.

The following companies are on the reserve list for the FT-SE 100 Index in the event that one or more constituents are deleted during the period up to the next quarterly review. Next (98th), Mercury Asset Management Group (100th), Dixons Group (101st), Anglian Water (103rd), Greenalls Group (104th) and MEPC (105th).

Inchcape will join the FT-SE Mid 250 index on December 11, replacing Howden Group (413th). Other changes to this index will occur on December 18. Included will be Cordiant (281st), Sage Group (306th) and Ashley (Laura) (327th). Excluded will be Baird (William) (403rd), Diploma (393rd) and Hazlewood Foods (389th).

On the Mid-250 reserve list will be: Telspec (328th), Cattles (330th), Scottish Television (333rd), FirstBus (334th), Graham Group (338th), Forth Ports (344th), Redrow Group (345th), Molins (347th), Greene King (350th), MAID (352nd), Investors Capital Trust (354th) and Henlys Group (355th).

The FT-SE Actuaries 350 Index and Industry Baskets will be adjusted to reflect these constituent changes. National Grid will also become a constituent of the FT-SE Actuaries 350 Higher Yield index from December 11.

Companies excluded from the FT-SE Mid 250/FT-SE Actuaries 350 will be included in the FT-SE Small-Cap index.

The committee also approved the inclusion of the following new issues in the FT-SE SmallCap and FT-SE Actuaries All-Share indices, from December 18: CMG and Vero Group.

Constituent changes to the FT-SE Actuaries 350 Higher and Lower Yield indices result from the quarterly review process and the annual rebalancing. Included in the FT-SE Actuaries 350 Higher Yield index will be: Arjo Wiggins Appleton, British Vita, Courtaulds, Courtaulds Textiles, Delta, Kalon Group, Kwik Save Group, National Power, Rexam, Trafalgar House and Weir Group.

Baird (William), Forte, GKN, Hazlewood Foods, Northumbrian Water, Refuge Group, Seeboard and TSB Group will be excluded.

Joining the FT-SE Actuaries 350 Lower Yield index are: Ashley (Laura), Cordiant, Forte, GKN, Northumbrian Water, Refuge Group, Sage Group, Seeboard and TSB Group. Leaving the index will be: Arjo Wiggins Appleton, British Vita, Courtaulds, Courtaulds Textiles, Delta, Diploma, Kalon Group, Kwik Save Group, National Power, Rexam, Trafalgar House and Weir Group.

The next quarterly review will be on Wednesday March 6 1996.

The following constituent changes will be made to the FT-SE SmallCap and FT-SE Actuaries All-Share after close of business on December 29. The minimum size for constituents was set at £48m. A band of 15 per cent either side of £48m has been set for companies being promoted and/or demoted from the FT-SE SmallCap to, or from, the FT-SE Actuaries Fledgling index.

For inclusion as new issues are: Ashbourne, Benfield & Rea Investment Trust, Biocompatibles International, BTG, Clydeport, Colleagues Group, Cortworth, Cox Insurance Holdings, Datrontech Group, Enterprise Inns, Expro, Filtronic Comtek, Games Workshop Group, JJB Sports, JKX Oil & Gas, Meconic, Morrison Construction Group, Oasis Stores, Peptide Therapeutics Group, Prolific Income, Rainford Group, RM Group, Schroder Asia Pacific Fund, Schroder Income Growth Fund, Servisair, Stoves, Tom Cobleigh, Universal Salvage, Vision Group and Zotefoams.

Newly eligible for inclusion in the Small-Cap and All-Share are: Acal, Acorn Computer Group, Ash & Lacy, Investors Capital Trust, MY Holdings and Shaftesbury.

Promoted from the FT-SE Actuaries Fledgling index are: Abbott Group, Alvis, Arcadian International, Ascot Holdings, Azlan Group, Cavaghan & Gray Group, Cluff Resources, Coda Group, Corporate Services Group, Eurodis Electron, FII Group, Forward Group, Learmonth & Burchett Management Systems, London American Growth Trust, Lynx Holdings, Mayborn Group, Melrose Energy, National Home Loans Holdings, Nestor-BNA, On Demand Information, Oxford Molecular Group, Pantheon International Participations, Quality Software Products Holdings, Rubicon Group, Sanderson Electronics, Saracen Value Trust, Stratagem Group, Trafficmaster, Trifast, Wembley and Wyndeham Press Group.

The following stocks will be excluded from the All-Share and transferred to the FT-SE Actuaries Fledgling index: Abtrust Emerging Economies Investment Trust, Amey, Automated Security (Holdings), Avonside Group, Baillie Gifford Shin Nippon, British Data Management, Calderburn, Cathay International Holdings, Central Transport Rental Group, CentreGold, Chamberlain Phipps Group, Chesterton International, Church & Co, Coal Investments, Continental Assets Trust, Costain Group, Crest Packaging, Debenham Tewson & Chinnocks Holdings, Edinburgh Inca Trust, Eurodollar (Holdings), First Philippine Investment Trust, Fleming Chinese Investment Trust, Govett Emerging Markets Investment Trust, Govett High Income Investment Trust, Helene, Hopkinsons Group, Hunters Armley Group, Industrial Control Services Group, M-R Group, Masthead Insurance Underwriting, Morgan Grenfell LatinAmerCo's Trust, Nightfreight, Perry Group, Pifco Holdings A shares, Pifco Holdings ordinary, Pilot Investment Trust, Pittencrieff Resources, Prospect Industries, Proudfoot, QS Holdings, Raglan Properties, Raine, Scudder Latin America Investment Trust, Siam Selective Growth Trust, Steel Burrill Jones Group, Sterling Publishing Group, Stirling Group, Syndicate Capital Trust, Tadpole Technology, Templeton Latin America Investment Trust, Tring International, Vibroplant, WEW Group and Yorkshire Food Group.

The following stocks will drop out of the All-Share as they have ceased to be eligible: Farepak, Tops Estates and Trocadero.

هكذا من الاصل

RECRUITMENT

JOBS: Management hierarchies and concerns for status may be stifling innovation

Men in the empty suits

Dyson vacuum cleaners have been troubling me for a while, ever since I saw the invective directed against them by its UK competitors, one of whom wished the design had been strangled at birth.

James Dyson, the cleaner's inventor, has himself admitted that he was unable to secure venture capital for his idea, which uses cyclone technology, dispensing with the need for a bag. Given such scepticism, the wonder is that the product came to be manufactured at all.

Dyson's experience seems to reinforce the impression that those who come forward with new ideas have been treated shabbily over the years. It is not always easy to understand why. In the film *The Man in the White Suit*, Alec Guinness plays a laboratory dishwasher in a textile mill who invents a fabric that never wears out and never gets dirty. Instead of being welcomed, it incurs the wrath of management and labour: with one, because it will destroy a product market, the other because it will remove the source of employment.

The fear of job-destroying innovation led, in the early 19th century, to outbreaks of Luddism – the practice of smashing machinery by skilled workers whose jobs it was replacing. But Luddism did not die out with the Luddites. It is not so many years ago that print workers tried to use union muscle to prevent the introduction of new technology in the newspaper industry.

Today we can see it emerging again in a more subtle way, not as a violent response to technological change and not by rank and file employees, but among many managers anxious to protect their status in spite of new working practices that demand a reduction in hierarchical management structures.

This resistance to change, this management Luddism, is in danger of stifling the innovation that many management writers and theorists believe is necessary to put businesses at the forefront of industries. These businesses must be increasingly seeking to harness creativity in the workplace. There still seems, however, to be a large gap between desire for innovation and providing a working environment that stimulates and promotes new ways of doing things.

A report* published this week by the Institute of Work Psychology at Sheffield University and the Centre for Economic Performance at the London School of Economics, found that progress has been slow in devolving responsibility in business. Although a big majority of companies it studied had moved towards leaner forms of organisation, few of them had been prepared to delegate decision-making below senior management.

This refusal to let go of power and to place greater responsibility with employees, as Peter Wickens, a management consultant, recognised in his book *The Ascendant Organisation*, is one of the greatest obstacles to innovation in the workplace. At Nissan in Sunderland, where Wickens used to be personnel director, employees were encouraged to solve their own manufacturing problems, using the principle of *Kaizen*, continuous improvement. Wickens believes that companies should recognise that "every worker is a knowledge worker".

In Japanese manufacturing, says Wickens, the tide is turning the innovators' way. It is no coincidence that James Dyson's inventions have been warmly received in Japan. New thinking and new ideas are not only encouraged but are sought after.

Too few companies, however, seem to be capable of turning themselves into innovative organisations. According to research carried out by Synectics, a firm of consultants specialising in innovation, 80 per cent of US companies say innovation is very important to their business. But only 4 per cent claim to be good at it.

As Synectics consultants Jonne Ceserani and Peter Greatwood explain in their book, *Innovation and Creativity*, if people live in a climate where their lives are constantly under threat, much of their time and energy will be expended on thinking about self defence and life preservation. If we substitute the word "job" for "life", we can begin to understand how the business processes that have created so much job insecurity are stifling creativity among employees and managers alike.

One of the problems, say Synectics, is the way that ideas are received by managers or colleagues. It identifies two reactions to an idea which can be equally destructive: the adversarial response and the threatening response. Adversarial behaviour includes pulling rank, failing to pay attention, ignoring someone and cross-examining opinions with challenging questions. Threatening behaviour includes discounting or putting down other people's opinions or reacting negatively or cynically to other people's views.

Gifford Pinchot, who has studied the behaviour of innovators in organisations, has noticed certain common traits behind innovations: they require persistence and input from others. They also require "sponsors" of creativity, managers prepared to nurture and protect the innovative individual or team.

Identifying these managers, he says, can take several years of monitoring innovations in companies, including asking the innovators themselves who it was that helped their ideas to fruition. He warns, however, that companies should beware those who are self promoters, what he calls "empty suited politicians who move through organisations", driven by a desire for promotion or financial reward and not because of an intrinsic interest in the idea.

As an example of an innovator working closely with a sponsor, he quotes the experience of Michael Phillips who was director of market research at the Bank of California for four years up to 1970. During that time, says Pinchot, Phillips was responsible for a series of new banking products that led the field in the consumer segment of the banking industry at the time.

He did not have a senior position but Phillips regarded this as an advantage because it gave him "room to move". He developed a higher interest account aimed at widows and widowers who were big depositors because they were banking insurance cheques from life policies on their partners.

While his eventual product had many innovative features, creative thinking was also applied in his approach towards putting it on the market. His technique was to tell the legal department that "it does not matter". Had he sold it as a big idea, the high interest nature of the account might have worried the legal officer into prevarication. Instead the account went out to "test" and took in \$40m in its first three months. Significantly, says Pinchot, Phillips had a sponsor manager who protected him. Within three months of the sponsor leaving the company, Phillips lost his job.

Pinchot believes we are entering an "innovation age" where managing creativity will be as important as the innovation itself. But managers, he says, will need training if they are to be effective sponsors. "They will need to lower their status in front of the team," he says, instead of "trying to read the tea leaves of senior management."

Surprisingly, it may be those who consider themselves high flyers who are least capable of adjusting to this style of management.

Gretchen Spreitzer, Researcher at the Centre for Effective Organisations, University of California, found during research that many of these people were too busy looking after their own careers and ambitions to pay attention to the way work was carried out.

According to Roger Woodgate, of ABA Consultants, who quotes Spreitzer's work in a study of change initiatives in the US, it was the people who she described as *"plateaued middle managers"*, settled in their careers, who were most likely to champion and embrace change if given the opportunity.

Woodgate said in his report: "She found that ... middle managers, perhaps settled in their careers and feeling they have little to lose, will challenge existing work practices and offer new ways of doing things if they are asked."

**Still Far To Go: The Management of UK Manufacturing, Corporate Performance Group, Institute of Work Psychology, Sheffield University, Sheffield S10 2TN.*

Richard Donkin

ABN·AMRO HOARE GOVETT

HUNGARIAN EQUITY ANALYST

ABN AMRO Hoare Govett is a leading global investment bank which is currently building a Central and Eastern European equity sales and research team. This is predominantly being achieved through the group's extensive local presence in the Central and Eastern European region and the strong branch network.

A requirement has now been identified for an Equity Analyst to join ABN AMRO Hoare Govett in Hungary. Candidates will be fluent in English and Hungarian, preferably of Hungarian nationality and have at least three years' analytical experience. In addition candidates should be capable of independent research and have sound presentational skills achieved through experience at a recognised investment bank, fund management house or an accountancy practice. A key requirement will be the ability to generate investment ideas and to market them internally and externally.

This is an excellent opportunity to join a bank with sound commitment to the emerging markets, coupled with recognised European equity country and sector research and distribution. Salary and benefits will be highly competitive. **Please contact Nick Hudson at Michelangelo Associates, Search & Selection, 2 Austin Friars, London EC2N 2HE. Tel: 0171-972-0150, Fax: 0171-972-0151/2.**

EMERGING MARKETS SEARCH & SELECTION

DISTRESSED CORPORATE DEBT ANALYST

Our client, an international investment bank, wishes to appoint a high quality analyst for its established distressed corporate debt trading team, to conduct detailed company research as a prelude to investment decisions. Working as part of a successful global network, the candidate will be responsible for identifying relative/fair value of discounted corporate debt.

The successful individual will have at least 3 years financial experience of facets of this business area, possibly gained from within investment banking, corporate finance/venture capital, management consultancy, legal or insolvency practices or the work-out/recovery areas of top tier accountancy firms.

The candidate will demonstrate:

- The ability to interpret company accounts and complex legal documentation in order to ascertain value.
- An ability to distil high volumes of data derived from analysts, brokers, bankers and company visits and present investment conclusions in a clear and concise manner, both in writing and verbally, to management.
- An entrepreneurial and free thinking nature required to perform at the highest level.

The successful candidate should be comfortable operating in a team based consensual environment, have a combination of credit, analysis, legal and accounting skills and possess a critical and incisive intellect, with the insight to discern value and opportunity. An attractive compensation package will be offered.

In the first instance, please send your C.V. to David Williams at:
Emerging Markets Search & Selection Limited, 12 Masons Avenue, London EC2V 5BT
Telephone: 0171 600 4744 Facsimile: 0171 600 4717

GRADUATE CAREERS IN INVESTMENT

Salary up to maximum £23,000

Standard Life Investment Management is one of the UK's largest, most successful asset management groups. The assets we manage total more than £40 billion, we control over 2% of the UK Stock Market and have equity holdings on a global scale. This is a high-profile area of activity, where understanding how markets operate and making difficult decisions can prove an exhilarating experience.

If you are articulate, ambitious and responsive to intellectual challenge, our two-year development programme offers the opportunity to work with our international bond team or one of our equity teams as you are trained. This will rapidly provide a thorough grounding in the practical and theoretical aspects of investment. The work challenges you intellectually; the environment urges you to make sound business judgements immediately; the ethos demands the confidence to challenge assumptions. If you want to embark on this steep learning curve that will carry you wherever your ambition leads, make it your business to send your CV to Janet Johnston or Angela Hogg, Recruitment Consultants, Standard Life Assurance Company, 40-42 George Street, Edinburgh EH2 2LE.

INVESTOR IN PEOPLE

STANDARD LIFE
FUND MANAGEMENT

EUROPEAN CORPORATE FINANCE

Portuguese/Spanish Analysts and Associates

Salomon Brothers is one of the world's leading financial institutions. In addition to making markets in securities, the Firm provides a broad range of underwriting, financial advisory and research services to governments, corporates and institutional investors around the world. The Corporate Finance group focuses on providing innovative solutions to its clients' debt and equity financing requirements, as well as offering strategic and financial advisory services, including mergers and acquisitions, across a broad range of geographic and industry sectors. Owing to the expansion of the Firm's business activities in Portugal and Spain, opportunities exist at the Analyst and Associate levels for candidates with fluent written and spoken Portuguese or Spanish and English. Knowledge and some experience of individual industry sectors and/or products would be desirable, ideally gained in one of the following areas, corporate finance, equity research, management consultancy or a strategic role within a major corporate or financial institution. Specific requirements for the positions are:

ANALYST
- *A good degree, preferably in a numerate discipline.*
- *Outstanding PC literacy.*
- *Experience within the financial industry.*
- *Strong research and analytical abilities.*
- *High energy levels and the ability to learn quickly.*
- *Ability to work accurately under tight time constraints.*

ASSOCIATE
- *2 - 3 years' investment banking experience (ideally within corporate finance).*
- *MBA/MSc or equivalent.*
- *Excellent analytical and presentation skills.*
- *Ability to work with minimal supervision.*
- *A committed team player.*

These challenging roles, based in London, will offer ambitious young professionals excellent career opportunities with one of the premier global financial institutions. We offer a highly competitive compensation package including performance-related bonus and the full range of banking benefits.

All applications should be made to our co-ordinating consultants, BBM Selection, 76 Watling Street, London EC4M 9BJ, facsimile 0171-248 2814, quoting reference: 372, and enclosing a full CV which includes contact numbers. Any direct applications will be forwarded to BBM Associates. All applications will be treated in the strictest confidence.

London
excellent + bonus + benefits

Salomon Brothers

CREDIT ANALYST - BONDS

Norwich Attractive salary

Norwich Union Investment Management is a leading investment house, with £33 billion bonds under management worldwide on behalf of external clients and our parent Norwich Union Group.

We are now preparing to strengthen the Bonds team, which operates as an integrated unit covering international bonds, currencies, gilts, sterling non-gilts and money market investments. Total Bonds under management are approaching £10 billion, with £2.25 billion in sterling non-gilts - a leader in this market with consistently good performance.

Within the sterling non-gilt team you will provide support to Fund Managers through:
- credit analysis on non-gilt fixed interest investments
- regular reviews of credits of existing holdings
- sector reviews
- analysis and in-depth investigation of new issuers
- monitoring exposures to individual borrowers and sectors.

A structured and disciplined analyst with the ability to apply your technical knowledge to market situations and maintain systematic credit information, you will:
- be able to work on your own initiative
- be able to establish credibility quickly within the team
- have confidence in your technical expertise
- be an excellent communicator.

Probably of graduate calibre you will have a successful track record in a bonds environment.

The salary will reflect the scope and significance of this important role.

Please forward your CV and accompanying letter to: Stephanie Walter, Norwich Union Investment Management, PO Box 150, Sentinel House, 37 Surrey Street, Norwich NR1 3UZ.

Norwich Union is an equal opportunities employer and welcomes applications from registered disabled persons.

NORWICH UNION
No one protects more.
INSURANCE, INVESTMENTS, HEALTHCARE, PENSIONS.

THE TORONTO-DOMINION BANK

UTILITIES/PROJECT FINANCE ASSOCIATE

The Toronto-Dominion Bank is a highly rated Canadian Bank with a well established presence in London and other major financial centres. As a result of our expanding Utilities and Project Finance activities, the Bank is seeking an Associate for the London Office.

The Utilities and Project Finance team in London is an integral part of the Global Team and the incumbent will be responsible for supporting the Senior Managers in the development of the business.

Responsibilities will include assisting the account manager with the management of the overall relationship with our clients involved in the sector and assisting in the execution of project finance transactions.

The successful candidate will be a graduate with a minimum of two years' banking experience, ideally with some exposure to project or structured finance. The Bank requires a well educated, credit trained, highly numerate and computer literate individual to join a dynamic team orientated environment. The position represents a significant career opportunity for the right candidate, who must have the potential to progress to positions of increasing responsibility.

Salary will be dependent upon qualifications and experience and the total remuneration package will be highly competitive.

Please send a full CV including current remuneration details and day time telephone number to Trevor Hill, Manager, Human Resources, The Toronto-Dominion Bank, Triton Court, 14/18 Finsbury Square, London EC2A 1DB

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Exceptional medium/long term career prospects

PRIVATE CLIENT FUND MANAGER

CITY — Circa £35,000 + Benefits & Bonus

INVESTMENT MANAGEMENT SUBSIDIARY OF MAJOR INTERNATIONAL BANK

Private Client investment lies at the heart of our client's business. Services are tailored to meet the individual requirements of the discretionary clients. The successful applicant will work in a team with the Deputy Managing Director, providing a high quality investment management service to his U.K. Private Clients and Trust Funds. The team includes a dedicated administration manager, sophisticated statistical assistance as well as secretarial support. Responsibilities also include monitoring and research coverage of certain sectors of the U.K. equity market and active contribution to the asset allocation and stock selection process of the firm. It is likely that applicants will be educated to degree level, with the presence to command respect and with a minimum of 3 years' experience in a similar front office investment position. **Applications in strict confidence under reference PCFM5265/FT to the Managing Director, CJA.**

EQUITY – LINKED PRODUCT ANALYST

LONDON — EXCELLENT PACKAGE — CAREER PROSPECTS

The Company

Peregrine is a leading full service Asian based Investment Bank, with over 15 offices in the region and 6 across Europe and the US. The Group is publicly listed, on the HKSE, with a market value of approximately US$ 750 million.

The Position

A high calibre analyst is sought to join an existing sales and trading team with responsibility for developing an Asian equity-linked research product. The successful applicant will be based in London. His or her input will be critical to the success of the team.

The Qualifications

- Numerate Graduate with proven analytical background combined with excellent spoken and written communication skills.
- Minimum of 18 months appropriate experience.
- Advanced financial modelling and Quantitive skills
- An understanding of Credit analysis is essential.
- A knowledge of Asian companies would be an advantage.

Please write in confidence enclosing a Curriculum Vitae to:
Barbara Nunn, Peregrine Securities (UK) Ltd., 10 Aldersgate Street, London EC1A 4XX

PEREGRINE

هكذا من الاصل

ICE SECURITIES

Analyst for Hungary *Analyst for Poland*

Analyst for International Telecommunications

Senior Equity Salesperson

As part of its expansion programme, this London-based securities house specialising in Central and Eastern European markets invites applications from suitable candidates to fill the above vacancies.

Candidates seeking employment as country analysts should speak Hungarian or Polish and have at least 2 years' analytical experience gained with a leading securities house or have an accountancy background.

Applicants for the international telecommunications vacancy should have experience of working as a member of the telecommunications sector team for a securities house recognised for its expertise in this sector.

The senior equity salesperson should have a proven track record of success gained with a leading international securities house and have an established portfolio of clients based either in the US or Europe.

These positions offer highly competitive terms of employment and the opportunity of working in an exciting environment for a young and growing company.

To apply, please write in complete confidence enclosing a detailed curriculum vitae to the Chairman at the address below.

ICE Securities Limited, 20 Abchurch Lane, London EC4N 7AD

TAKE PRECISE AIM

BY PLACING YOUR RECRUITMENT ADVERTISEMENT IN THE FINANCIAL TIMES YOU ARE REACHING THE WORLD'S BUSINESS COMMUNITY.

For information on advertising in this section please call:

Andrew Skarzynski on +44 0171 873 4054

Joanne Gerrard on +44 0171 873 4153

Toby Finden-Crofts +44 0171 873 4027

Will Thomas +44 0171 873 3779

AUSTRADE

EUROPEAN INVESTMENT MANAGER

The Organisation

- Austrade is Australia's export facilitation and investment promotion agency
- There are 80 Austrade offices in over 50 countries and Austrade has won international recognition as a leader in its field

The Position

- To market and promote Australia to European multinational corporations as an investment location for their research and development activities
- Based in Frankfurt the position will involve corporate research and an intensive contact and follow-up program aimed at marketing the commercial attractiveness of Australia as an R&D investment location.

Qualifications

- Applicants must be degree qualified with superior research and analytical skills
- Extensive experience of marketing to senior executives will have been achieved over 5 to 10 years in law, accountancy, corporate finance or a business development role.
- A confident team player is sought with excellent communication skills, computer skills and ability to work under tight deadlines
- English fluency is essential and German is desirable. The ability to work in an internationally diverse commercial environment is crucial.

To apply

- Please send a full CV with a covering letter outlining how your skills meet our requirements to: Bernd Neubauer, Investment Commissioner, Australian Consulate-General, Gutleutstr. 85, D-60329 Frankfurt/M., Germany.

EQUITY ANALYST

Den norske Bank is the leading commercial bank in Norway, with significant equities operations in Oslo, London, Stockholm and New York. The London team is currently seeking to recruit an experienced analyst to contribute towards the group's Scandinavian research product with an emphasis on building up our knowledge of small companies in the region.

The ideal candidate will be a graduate, preferably with a financial qualification, who has at least 3 years experience in an analytical role. Familiarity with the technology/IT, industry would be a clear advantage, as would a working knowledge of one or more Scandinavian languages.

A competitive salary along with the usual banking benefits is available to the successful candidate. Written applications including full career details should be sent to:

Ms Tracey Foley, Personnel Manager
Den norske Bank AS, London Branch
20 St Dunstan's Hill
London EC3R 8HY

Schroders

- **Project and Infrastructure Financing is an area of rapid growth**
- **Schroders is one of the leading advisers in this field**
- **Our success means we need to recruit at various levels across an age range of 25-35**
- **Previous experience is not necessarily required**

Project and corporate finance, privatisation, accounting and legal backgrounds are all relevant, but even without these we would welcome applicants with an outstanding academic record, who are highly numerate, write well, have good presentation and marketing skills and who are energetic, hardworking and willing to travel.

Schroders' highly successful International Projects Department is based in London and advises on the commercial evaluation, development and financing of major projects around the world ranging from bridges and pipelines to power stations and chemical plants. It also advises on disposals, acquisitions, trade sales and privatisations in the infrastructure sector.

Generous remuneration and benefits packages will be available, commensurate with the candidates' experience and qualifications.

Interested applicants should write, enclosing a full CV, to Rachel Harry, Schroders, 120 Cheapside, London EC2V 6DS.

FT
FINANCIAL TIMES GROUP

GRADUATE TRAINEE SCHEME

We are a leading provider of worldwide business information, analysis and comment via the world's business newspaper the Financial Times, and a growing range of business and financial information services including on-line databases, news and research services.

We have opportunities based in London for talented graduates in four areas - business management; newspaper journalism: financial newswire journalism; IT.

Each requires its own special aptitudes. But whichever is of interest, you will need the ability to think logically and conceptually, enjoy working on your own initiative and welcome the chance to think innovatively as well as practically.

You will also need a good degree (obtained in 1995 or 1996) supported by wide ranging interests and experience.

We are offering a structured training programme, plenty of hands-on experience and a salary of £17,000 pa.

If you join us in September 1996 you can look forward to a challenging and rewarding start to your career.

If you want to know more, please call Rashila Nama on **44 171 873 3431 or write to her at the address below.

The Financial Times Group
Number One Southwark Bridge, London SE1 9HL ENGLAND

SAMSUNG

SAMSUNG SECURITIES CO., LTD

(A Member of Samsung Group)

A London-based Korean Securities company wishes to make the following appointments with responsibility for Equities/Fixed Income products mainly of Korean and other Asian Emerging Markets,.

- Salesperson/Trader/Analyst
- Compliance Officer/Settlement/Secretary

An attractive remuneration package is offered.

Please send a full CV to: Samsung Securities Co., Ltd.
199 Bishopsgate, London EC2M 3TY

ACCOUNTANCY APPOINTMENTS

City & Guilds

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Director of Finance

We have "The qualifications that get you there" – have you?

£55,000 plus London

About Us

City & Guilds is the market leader for vocational education qualifications. Working with over 12,000 centres worldwide, we are the UK's largest assessment and awarding body offering over 500 vocational qualifications across a wide range of subjects. Whilst justly proud of a tradition of excellence that dates back to 1878, nonetheless, we have moved with the times, and already have in place the processes to keep pace with changing educational requirements and business practices and so maintain our number one position.

Your Challenge

We are not seeking a new broom to make sweeping changes; rather, our need is for this final piece of the jigsaw of our senior management team (responsible for a combined finance/IT/purchasing and office services function of over 70) to help enhance our commercial strengths and financial systems in order to maintain that vital edge in a rapidly changing world. Working closely with the Director General, this is very much a strategic role in a highly competitive and unusual environment. It is also an active business role – as much concerned with identifying and capitalising on new business opportunities as with the ability to create and manage first class financial controls and management information systems. The need for excellent people management skills are a prerequisite, as is the credibility and strength of character to make a major contribution to our success. Equally vital will be the kind of negotiating skills necessary to interface with our suppliers, City institutions and Government bodies.

You . . .

. . . are a Chartered Accountant (and possibly MBA), age 35 plus, with at least ten years post qualification experience – for only then will you have the blend of authority, diplomacy and technical ability that we seek. Beyond that, you will have learnt something else as well – that life is about dealing with ambiguities: that it is not always straightforward; and that wisdom and balance are valuable skills, often painfully learned. Career background is of less importance than the tools you have developed to improve the financial controls within a business, together with the vision to tackle strategic issues. Previous involvement in organisational and cultural change would make you particularly well suited to this role. And lastly? A person who has actually delivered – and made an impact!

Are You Qualified?

The world of vocational education is changing fast, and with the recent appointment of a business focused Director General, we will stay ahead of the pack. If you think that your qualifications are right to help us continue our evolution in revolutionary times, then write to our advising consultant David Hunter quoting reference L/1604 at the address below. If you would prefer a discreet conversation about the role, then call him on 0171-939 5721.

Executive Search & Selection,
Price Waterhouse,
No 1 London Bridge,
London
SE1 9QL.
Fax: 0171-403 5265.

GODWINS LIMITED

Financial Controller

Farnborough, Hants ***£40-£45,000 + Bonus + Car***

▪ Godwins Limited is one of the leading employee benefit consultants and independent financial advisers in the UK, and part of the world-wide Aon Corporation, itself a world leader in insurance and consulting services. Godwins employs over 600 staff in three divisions based across the UK.

▪ The company wishes to strengthen the finance function with the recruitment of a Financial Controller who will report to the Finance Director and manage the finance function of over twenty staff, ensuring that it provides a timely and effective service to the business. Initial key tasks will be the enhancement of the company's existing accounting systems and the development of pertinent management information.

▪ Candidates should be qualified accountants with a minimum of five years PQE gained within a sizeable service environment. You should have already developed staff management skills and be familiar with working within a computerised environment – systems implementation experience would be a considerable advantage. Knowledge of the financial services sector would be useful but is not essential.

▪ The anticipated growth of Godwins coupled with the number of UK subsidiaries within the Aon group could offer future career development opportunities for an able and ambitious individual.

▪ Please send your curriculum vitae, including current remuneration details, to Carrie Andrews at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference: CA686.

ERNST & YOUNG

Our clients are a progressive, fast growing trading group, importing and distributing steel and steel products to Europe. With a current turnover in excess of R300m per annum, they need the services of a

CHARTERED ACCOUNTANT
GERMANY

Reporting to the Managing Director, with a functional responsibility to the Group Financial Director in South Africa, the incumbent will manage all financial aspects of their operation situated in Neuss (near Düsseldorf).

A busy, stimulating job, with excellent career prospects, it requires a keen analytical mind, sound business acumen and a creative innovative approach. This person must be an assertive team player. Fluency in German is important and it is preferable that this person has a working knowledge of German legislation.

A competitive remuneration package is offered.

Please fax your CV which **MUST** be in English to Christina Smuts on 27 11 453-0111.

AUDIT SENIOR AND AUDIT ASSISTANT

Required for small, fast growing international accountancy practice. Working knowledge of UK accounting and auditing practices a prerequisite. As an Audit Senior you will have up to two years pqe and the assistant position will suit a part qualified. Knowledge of Windows applications an advantage. Salary negotiable according to experience.

RESPONSIBILITIES

AUDIT SENIOR
Acting as senior in charge on a portfolio of audit clients. Working knowledge of derivatives essential and an understanding of commodities trading an advantage.

AUDIT ASSISTANT
To assist with the audits of a varied client portfolio as well as provide bookkeeping services and preparation of VAT returns.

Replies to: Constantin, Russell Square House, 10-12 Russell Square, London WC1B 5LF

هكذا من الاصل

Senior Manager – Corporate Planning

A real chance to influence change

Germany — **DM Attractive Package**

Our client is a leading multi-national manufacturer of electronic products. Its European activities which cover over 20 different countries of Western and Eastern Europe and Eurasia, have a turnover in excess of DM 11 billion. Based in Germany, the pan-European corporate management provides specialised support and direction to all units.

As a result of their expansion, they seek to appoint the newly created position of a Senior Manager – Corporate Planning. Responsible for a small professional team, the key responsibilities will be as follows:

- Co-ordinating and supporting the financial planning and budgeting processes for the European units.
- Developing new business plans and standards and ensuring their implementation.
- Analysing current activities in order to identify further possibilities for development and change.
- Provide information to top management in Europe and Japan, which will assist in the making of key decisions.

The successful candidate will be 35-40 years old and have a university or a MBA degree with at least 5-7 years relevant practical experience (preferably some of this overseas), gained within the controlling or corporate planning sector of a multi-national company.

You will need to be a strong team player, customer-oriented and have well developed communication skills. Fluency in English is required, a command of the German language is desirable but not compulsory. Additionally, you will need to be familiar with the latest IS-developments.

Future career prospects will be in line with the ambition and performance of the successful candidate.

Interested candidates should forward a comprehensive CV including salary details, in confidence, quoting ref RR/20547 to Robert Rosenbach, Michael Page International, Steinstrasse 13, 40212 Dusseldorf, Germany. Tel (00) 49 211 32 44 55.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Financial Controller

Leading-Edge Multimedia Products

To £40,000 + Car & Benefits — **West Sussex**

Outstanding opportunity for young, bright and ambitious finance professional.

THE COMPANY

- Highly successful, growing and profitable manufacturing subsidiary of international group. UK company t/o £30m; expanding organically and via domestic and European acquisitions.
- Leading independent CD/CD-ROM manufacturer in UK, selling to music, games and professional data industries.
- Dynamic senior management team. Committed to excellence and top-quality customer service.

THE POSITION

- Lead and motivate young, committed team of seven staff. Drive improvements in systems and procedures to ensure management information meets changing needs of business.
- Responsible for all areas of financial control.
- Excellent longer career prospects, working closely with FD on European expansion and group strategic direction.

QUALIFICATIONS

- Graduate ACA, preferably "Big Six" qualified. 3–5 years' PQE, including commercial experience in line finance. Exposure to high volume manufacturing an advantage.
- Enthusiastic self-starter with first-rate communication and people-management skills. Logical and task focused. IT literate.
- Commitment and potential to reach Board level. French/German speaker preferred.

Please send full cv, stating salary, ref SP4060, to NBS, 7 Shaftesbury Court, Chalvey Park, Slough SL1 2ER

N B SELECTION LTD
a BNB Resources plc company

NBS

Slough 01753 819227 • London 0171 493 6392
Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

Coopers & Lybrand | Executive Resourcing

Financial Controller

Multinational Trading Co.

LONDON

Our client is the European arm of one of the world's largest trading companies. The company acts as an international trader dealing in a broad range of products and services including: commodities, foodstuffs, chemicals, plastics and investments and providing finance and other services relating to this trading. There are approximately 60 staff in the European Head Office and European turnover is in the region of £250 million per annum.

Reporting to the Head of Accounting and managing three staff, the key responsibilities of this new appointment will be to oversee all management and financial accounting activities, particularly including European consolidations and ensuring the appropriate accounting treatment of financial product trading.

Ideally, you will be a qualified accountant although we would also like to hear from non-qualified individuals with substantial, relevant experience. Your experience must include hands-on responsibility for multi-currency consolidations within substantial organisations and ideally you should have exposure to investment accounting. Your technical skills must be complemented by the maturity and patience required in a multicultural environment.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Tim Latham, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference TL1147 on both envelope and letter.

FINANCE DIRECTOR

LEADING MANAGEMENT CONSULTANCY

LONDON — **c.£60,000 + BENEFITS**

- Established, high profile consulting business entering an exciting period. New management team implementing an ambitious change agenda with aggressive business targets.
- Wide ranging and challenging brief focusing on the core UK business. Main purpose is to act as business partner to the executive team enabling them to grow the business profitably, develop existing controls and disciplines and inculcate greater financial awareness throughout the consulting team.
- Excellent scope, as a member of the UK executive, to assume immediate administration responsibilities beyond the finance remit and to become progressively more involved in broader operational issues.
- The role calls for a commercial, qualified accountant, aged 35+ with a record of enhancing business efficiency and performance through strong financial leadership gained within a competitive marketplace.
- Skilled influencer, resilient but with a flexible and open style. Adaptable personality able to work within an organisation comprising of strong characters with high intellectual capacity. Must be sympathetic to the unique demands of a professional service culture but single minded in the pursuit of rigorous financial and operational standards.
- Participative and collegiate by nature, with high service orientation, capable of operating in a non-hierarchical, relatively informal culture.

Please apply in writing quoting reference 1055
with full career and salary details to:
Phil Bainbridge
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043

Whitehead SELECTION
A Whitehead Mann Group PLC company

GROUP FINANCIAL CONTROLLER

FMCG Markets

Wembley, Middlesex

c £50,000 + Benefits

Having consistently demonstrated a truly outstanding track record in terms of growth, market share and profitability, this entrepreneurial FMCG group, with blue chip joint venture partners covering many developing territories, is embarking on its next phase of development with the view to further improving operational efficiencies and increased profit performance. Critical to these plans is the appointment of a talented finance professional who will bring further focus to the role finance plays in the on-going growth of the business.

Reporting to the Directors specifically you will:

- Provide strong financial leadership, ensuring that the finance function is effectively managed and developed to meet the growing needs of the business.
- Analyse and evaluate operating management plans to ensure that the group's objectives and strategies may be met, highlighting inconsistencies and conflicts where they may occur.
- Develop close relationships with financial institutions, auditors, bankers and legal advisors and ensure that all reporting requirements are fulfilled.
- Consolidate key financial and management accounting results for both internal and external reporting.

The successful candidate will be an outstanding graduate Accountant who displays proven managerial and technical skills in a highly growth oriented business where you should thrive operating in a culture where continuous improvement is encouraged. Future career opportunities will be outstanding for a performance related achiever.

*Interested candidates should write promptly to **Mark Rowley** at Herst Austin Rowley, 30 St. George Street, London W1R 9FA, enclosing a full Curriculum Vitae and quoting reference HAR525.*

HERST AUSTIN ROWLEY
SEARCH & SELECTION PARTNERSHIP
BOLOGNA • COLOGNE • LISBON • LONDON
MADRID • PARIS • WARSAW

COMMERCIAL ACCOUNTANT

C. London - European Travel — **c£42,000 + bonus + car**

This is a new, regional role in a leading international services organisation that has an extensive network of offices in Europe. The headquarters has a small finance team who work in a strongly multinational, multicurrency environment.

Major changes in the business and accounting processes are underway which create significant opportunities for a commercially minded accountant to influence business performance.

The role requires frequent interface with senior management throughout Europe to successfully implement the change process, as well as responsibility to impose required control and compliance standards and manage the corporate and capital structure.

The requirement is for an ACA with three to five years post qualification experience in a commercial environment. The ideal skills set will include competence in a second European language and sound practical systems implementation experience. Essential personal qualities will include challenging and change orientated attitudes, balanced with patience and flexibility, together with a well ordered approach to work.

From such a high profile role, which interacts at the most senior levels across the corporation, the opportunities for career advancement, particularly internationally, are exceptional.

Please send your CV, quoting current salary, to David Edwards at the address below:

MKA MANAGEMENT CONSULTING LIMITED
Holyport Road,
Maidenhead, Berks SL6
Fax (01628) 798138

MKA

BELGIUM • FRANCE • GERMANY • ITALY • SPAIN • SWEDEN • SWITZERLAND • THE NETHERLANDS

RECKITT & COLMAN

Outstanding opportunities for Qualified Accountants

Reckitt & Colman comprises a co-ordinated worldwide network of businesses which create, manufacture and distribute strongly branded household, toiletry and pharmaceutical products under well known brand names including Lemsip, Harpic and Dettol. The Group has a global turnover in excess of £2 billion and is currently implementing an ambitious transformation programme to achieve its vision of being an outstanding global company with leading brands and exceptional people. Major cultural and organisational change underpins the achievement of key business strategies. These superb roles based at Corporate Headquarters, offer exciting opportunities to contribute to transformation and will appeal to ambitious professionals with excellent analytical and interpersonal skills.

West London

Senior Financial Accountant

2 years Post Qualified

This newly created position offers the opportunity to take primary responsibility for maintaining the records of the Headquarters accounting function. It is a hands-on role involving the day-to-day management of the department and supervision of junior staff, together with preparation of management and statutory accounts to tight deadlines. Ad hoc project work will also form part of this key role. Continuous liaison is required with both finance and non-finance staff at all levels, requiring first class communication skills and a sense of diplomacy, combined with a strong technical background and an enthusiastic approach. The successful candidate will be young, self-motivated and ambitious ACA (possibly from a medium size firm), CIMA or ACCA. A competitive package is offered including a basic salary of £30,000 plus car. (Reference 263435).

Corporate Accountant

Recently Qualified

Providing financial information both to regions and to the Group, this is a challenging role which will appeal to an ambitious CIMA, ACA or ACCA with a commercial outlook and the desire to progress within an international group. Its purpose will be to provide support to a variety of internal customers in the form of advice and financial reports by region and product group, enhancing systems and controls. Strong influencing and technical skills are essential as is a confident/assertive manner, the ability to work to very tight deadlines and a well-developed sense of humour. A competitive package is offered including a basic salary of c.£27,000. (Reference 263437).

Interested applicants should forward a full curriculum vitae including current salary details, quoting the appropriate reference number to Elizabeth Tinch, Manager, at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 831 2612.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Outstanding Opportunities for Outstanding Tax Professionals

General Electric (USA) is one of the World's top five companies whose worldwide tax function is highly respected. GE has numerous well established and growing businesses in the UK which are being continually enhanced by acquisitions – the diversity of its operation is second to none.

We are looking for (at least) four outstanding individuals to join the six members of our recently established in-house tax team which services the tax needs of the UK subsidiaries of General Electric and GE Capital. These positions represent unique opportunities for hard-working, highly motivated and career-minded professionals who seek a challenging tax position in industry.

Specifically, we require:

Three UK Tax Consultants

Reporting to the Director, UK Tax and based in Leeds, you will, depending on your experience, be involved directly in corporation tax planning and reporting for various businesses as well as assisting with deal structuring and the optimisation of GE's global tax position. The roles are wide-ranging, combining innovative and exciting tax planning with a hands-on approach to compliance. Candidates will be chartered accountants, probably now at senior manager level or equivalent and with at least six years' post qualification tax experience. Specialist tax experience in leasing and/or financial service markets will be an advantage, but this is not essential.

A UK Insurance Tax Consultant

Based at Consolidated Financial Insurance in West London and reporting to the Director of UK Insurance Tax, you will be closely involved with all aspects of compliance covering corporation tax, IPT, VAT and payroll taxes as well as assisting with advice on a range of interesting and challenging issues currently facing the group, especially relating to our ambitious international expansion plans.

You are likely to be a qualified accountant with at least three years' experience of the taxation of general insurance and life assurance businesses which complements a sound knowledge of general tax principles.

All positions require strong communicators, creative thinkers and good team players combined with exceptional drive and excellent accounting and computer literacy skills. Competitive salary and benefit packages, commensurate with experience, are offered for each position together with relocation, where required.

Please apply direct, enclosing your CV, details of relevant experience, recent accomplishments and current remuneration, in the strictest confidence, to:

Mrs Pamela A Green, Director UK Tax, Tax and Accounting Services, GE Capital Europe Limited, Trent House, Torre Road, Leeds LS99 2BD.

*USA

GE Capital Europe

An Equal Opportunity Employer

*Affiliated with General Capital Corporation (USA) and not affiliated with the English company of similar name.

Regional Financial Controller

Service Sector — **London**

c£50,000, Car, Outstanding Additional Benefits

This £multi-billion turnover services organisation is undergoing immense and progressive change. An impending re-strategising of the objectives, procedures and systems of the business now demands the application of tighter financial management control systems and the development of a more commercially orientated culture.

The organisation is managed on a national, zonal basis and the Controller role carries full financial management responsibility for a £200 million turnover operating region. As an integral member of the executive management team, you will bring a fresh commercial outlook, a high degree of computer literacy and strong leadership to a substantial financial function. Candidates will be qualified accountants, probably aged 30 to 40, with a proven aptitude in progressive culture change that has been applied in a major plc. Career prospects beyond this initial role are truly outstanding.

Please send a comprehensive CV to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 0161-839 2000, Fax: 0161-839 0064, quoting ref: F.T.76.K.

Cert No. FS 20612

Howgate Sable

SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

Public Services

Director of Finance

Technological Research And Services

Salary c£55,000 Plus Excellent Benefits — **Cheshire**

Our client is a successful medium sized company with a world-wide reputation for the provision of innovative technology based products, processes and services to an impressive international client base.

Gearing for research activities includes substantial European funds and a post graduate training partnership with UMIST. Exploitation is via contract development for industrial customers and, increasingly, through the formation of joint ventures.

This senior appointment is integral to the Company's ambitious future plans which demand creative financial and business management skills.

The role requires a graduate qualified accountant, probably under 45, with senior level experience, preferably in high technology services. You should have a personal interest in business modelling and assessment, experience of financial management of time based activities, and exposure to commercial/contractual matters. You will need to demonstrate high intellect and the capability to develop pragmatic financial strategies.

Please send a comprehensive CV to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 0161-839 2000, Fax: 0161-839 0064, quoting ref: F.T.81.G.

Cert No. FS 20612

Howgate Sable

SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

Head of Tax

London

Excellent Package

The continued growth of the strategically important UK operations of one of Europe's largest groups now requires a high-calibre taxation professional to plan and implement effective tax strategy. UK revenues now exceed £1.4 billion and derive principally from utilities management, construction, communications and healthcare.

The Head of Tax will report to the Finance Director and will be responsible for tax matters affecting the group's UK subsidiaries and for liaison with the parent organisation. Key tasks will be to develop and implement overall tax strategy, to negotiate issues with the tax authorities as required, to provide specialist tax advice to operational managers and to ensure the accuracy of tax computations and returns.

The successful candidate is likely to be a graduate ACA with at least 3 years' tax experience gained in a major accounting firm and/or in the tax department of an international corporation, and preference will be given to those fluent in, or with a strong command of, French. A wide commercial sense is important, as is the ability to make a major contribution to the overall management and development of the group.

If you wish to be considered for this appointment, please write, in confidence, with full career and salary details, to Douglas Austin, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote reference 57727.

MSL INTERNATIONAL

EXECUTIVE RECRUITMENT CONSULTANTS

LONDON 0171 487 5000 · BELFAST 01232 421842 · BIRMINGHAM 0121 454 8864 · GLASGOW 0141 248 7700 · LEEDS 0113 245 4757 · MANCHESTER 0161 835 1772

ASSISTANT TREASURER

London — **c £42,000 + Bonus + car**

The Company

- Multi-billion turnover international group
- European headquarters for the highly diversified industrial operations
- Part of a small high profile treasury function

The Role

- Responsible for all aspects of Treasury Management
- Emphasis on international cash management, FX exposure, asset and liability management
- Involvement in financial projects and liaison with senior executives including external parties

The Person

- Energetic graduate, ideally also ACT/MBA or accounting qualification
- Relevant experience gained within an international treasury environment
- Self-starter; strong interpersonal and analytical skills

Please write enclosing full curriculum vitae quoting ref: 172 to:

Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP
Tel: 0171 839 4572
Fax: 0171 925 2336

NIGEL HOPKINS & ASSOCIATES

FINANCIAL & TREASURY SELECTION

EUROPEAN CORPORATE FINANCE MANAGER

LONDON — **PACKAGE UP TO £70,000**

As a world leader in the field of consumer products, our client enjoys an enviable reputation. In recent years it has seen revenues increase over 14% and has continued to expand into new markets outside of North America. Its European sales now exceed $1.3bn. As a consequence of this growth the Corporate Finance department is now recruiting an additional member for its global team.

Reporting to the Director of International Corporate Finance based in the U.K. this new position will assume responsibility for managing the financing of its international operations in Europe. There will be significant interaction with the Corporate Tax, Treasury and Legal functions, both in the UK and the US, and substantial liaison with external finance providers.

This high profile position will encompass the following duties:

- Work with local Finance Directors to quantify ongoing funding needs and to develop a funding strategy based on an integrated country view
- Review proposed business investments/acquisitions with regard to local economic trends and execute the funding plan
- Monitor cash generation within the region and develop/implement action plans to re-deploy cash optimally

The successful candidate will have at least two years experience with a major multinational firm in international corporate treasury, including exposure to European issues.

He/she will be a self-starter with proven leadership skills and possess the ability to summarise complex financial issues to a broad audience. A knowledge of taxation and accounting issues is also critical.

Initially, you must be prepared to travel extensively throughout the region, however this will decline to 30% of the time throughout the first year.

An excellent benefits package including bonus, share options and company car is available to the successful candidate.

Interested applicants should contact Jon Vonk or Andrew Hick at Robert Walters Associates on 0171-379 3333 or forward an up to date CV to 25 Bedford Street, London, WC2E 9HP. Fax: 0171 915 8714. Internet: commerce@rwa.co.uk

All applications will be treated with the strictest confidentiality

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR NEW YORK AMSTERDAM BRUSSELS SYDNEY

Head of Finance

To £34,000 + Car + Bonus & Benefits — **Nottinghamshire**

High profile, influential role for young, ambitious accountant with ability to add value in demanding manufacturing environment.

THE COMPANY

- Division of acquisitive £billion international group. Component manufacture and assembly operations supplying aerospace, automotive and telecom sectors.
- Established group structure with sound systems and financial management

THE POSITION

- Report to MD. Develop team. Manage accounting, company secretarial and IT functions.
- Broad commercial involvement and accountabilities.
- Ensure group reporting requirements met and provision of commercially useful management information.

QUALIFICATIONS

- ACA together with a minimum of three years' experience gained in manufacturing group.
- Strong commercial appreciation, hands-on approach with excellent organisational and management skills.
- Energetic and committed, able to communicate and influence at all levels.

Please send full cv, stating salary, ref BP3971, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB

NB SELECTION LTD a BNB Resources plc company

N·B·S

Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

Guildford Chartered Accountants Network

CA's Available in the South East for:- Financial and Interim Management
IT Solutions and project managers.

Contact Tony Rowlands
Tel: 01483 829686 Fax: 01483 763669
No Agency Fees

CONTROLLER UK BASE for US & Japanese Joint Venture. 8 to 10 years exp. as Plant Controller in heavy mfrg industry required. Know US GAAP with strong management skills. Salary competitive and commensurate with exp. Brief CV to Recruiter 15445 Ventura Blvd. #165 Sherman Oaks, CA 91403/Fax 818 981-6505

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday
For further information please call:

Andrew Skarzynski on +44 0171 873 4054

هكذا من الاصل

COMMODITIES AND AGRICULTURE

Chicago wheat futures surge to highs

By Laurie Morse in Chicago

Wheat futures prices at the Chicago Board of Trade hit life-of-contract highs again yesterday as traders responded to news of a European Union export tax on grain and the futures pits buzzed with rumours that Russia, short on wheat, would enter the international markets after an important election later this month.

Wheat for December delivery jumped 14¼ cents to $5.22 a bushel early on, surpassing the previous high of $5.11¼ set on October 20. Traders said the next level of price resistance for the commodity would probably be at the $5.44½ level last seen in October, 1980.

"By imposing the tax, the EU has *de facto* cut off exports," said Mr Bill Biedermann, research director for Allendale. The EU is the second-largest grain exporter after North America, and has decided to limit wheat exports in an attempt to moderate grain prices within the union.

Although the EU and the US ended grain subsidies last summer, both have continued to sell grain in a brisk market as buyers bid up prices in response to tight world supplies. Traders yesterday said the fact that a major exporter succeeded in selling Uzbekistan 98,000 tonnes of EU wheat despite the new tariff helped advance the Chicago wheat futures rally.

While the EU tax is a symptom of tight supplies, traders said major demand factors, in the form of Russia and China, had yet to clarify. "The big unknown is Russia," said Mr Dan Basse, president of AgResouces, a Chicago-based analysis firm. "They've had two bad back-to-back harvests, and they are expected to buy after their elections."

US winter wheat states reported below-normal moisture levels this week, and unusually cold temperatures are forecast over the weekend, increasing the winterkill risk.

Cuba's big earners stage a recovery

Pascal Fletcher on a turnaround in the sugar and nickel sectors

Cuba's nickel output will top 40,000 tonnes this year and, in another strategic export sector, current estimates indicate that the island has enough cane in the 1995-96 harvest to produce around 4.5m tonnes of raw sugar, according to a high-ranking economist.

The forecasts by Mr Osvaldo Martinez, head of the Economic Affairs Committee of Cuba's National Assembly, signal a strong turnaround in two key hard currency-earning sectors whose production had fallen sharply as a result of the collapse of the island's economic ties with the former Soviet Union in 1991.

Foreign investment and financing were playing an important role in supporting recovery in both sectors, Mr Martinez, a former economy and planning minister who remains a senior adviser to the government, told an economic seminar in Havana last month.

Pre-harvest financing by foreign banks and trade houses have helped to pay for fertilisers and spare parts for the 1995-96 sugar harvest. In the case of nickel, a Canadian company, Sherritt, has brought modernising capital and technology to the Cuban industry, as well as guaranteeing inputs.

"Without a doubt, nickel production will be above 40,000 tonnes this year," Mr Martinez said. This represents a big leap from the 26,772 tonnes produced by Cuba in 1994. Mr Martinez said 1995 output should come close to the record 1989 level of more than 46,000 tonnes.

The sudden disintegration of the former Soviet Union, the biggest single market for Cuban nickel and Cuba's biggest supplier of fuel and technical inputs, had thrown Cuban nickel production into decline in the past few years. But the association agreed in 1994 with Sherritt, consisting of a jointly-run, vertically-integrated nickel and cobalt mining, refining and marketing operation, was helping to revitalise the industry.

In sugar, traditionally Cuba's biggest export sector, the forecast recovery appears less clear-cut.

Mr Martinez said existing estimates showed there was enough cane in the fields to produce 4.5m tonnes of raw sugar in the 1995-96 harvest, which is now under way. "A production figure of around 4.5m tonnes would be a good result," he said. This compared with a 1994-95 crop of 3.3m tonnes, the lowest in more than 50 years.

He stressed, however, that the final result would also depend on the level of efficiency with which Cuba's 156 sugar mills can crush the available cane and other factors, such as the impact of a new productivity-linked incentive scheme introduced for the island's 400,000 sugar workers. The scheme allows workers to buy hard-currency consumer goods at special shops set up at sugar mills.

Foreign analysts agree with the government forecast that Cuba's sugar production should pick up in 1995-96, but they say one weak link that could inhibit the size of the increase will be the deteriorated state of the industry's transport system and of its 156 sugar mills, which have not received modernising investment for years. Cuba's state media have also reported serious delays in repairs of harvest machinery because of the late arrival or continuing shortages of imported spare parts.

British sugar broker E.D. & F. Man, in an early Cuban harvest forecast, predicted a 1995-96 Cuban crop of 3.8m tonnes. The London-based International Sugar Organisation, of which Cuba is a member, forecast 4.5m tonnes in its latest market review, matching the government target.

Mr Martinez said the pre-harvest financing credits, which other Cuban officials have estimated at over $100m in total, were obtained on tough terms, bearing interest of between 12 and 15 per cent and repayable in a year or less. The Dutch ING Bank and E.D. &F. Man Sugar are among the institutions involved in the financing operation, which covers eight of Cuba's 14 provinces.

"A production increase of 1.2m tonnes should allow us to repay the credits and still obtain some contribution to the nation's balance of payments," Mr Martinez said. But he indicated the most important feature of the coming sugar harvest would be to lay the foundations for future growth back towards pre-1990 production levels. "This will be a harvest of recovery and consolidation," he said.

In addition to having to repay pre-harvest credits, Cuba also has two big raw sugar delivery contracts – 400,000 tonnes pledged to China in 1995 and 1m tonnes to Russia by end-March 1996 in exchange for 3m tonnes of Russian oil.

Mr Martinez said the depressed state of the sugar industry placed a big drag on the island's efforts to emerge from recession. The Cuban economy grew by 2.3 per cent in the first nine months of 1995 and appears headed for overall growth in the year of around 2.5 per cent, according to official Cuban figures. Had the sugar sector been producing at its past historical high levels, the level of economic growth in 1995 would have been around 7 per cent, Mr Martinez said.

MARKET REPORT

Copper leads base metals rally

Base metal prices moved towards the day's highs during after hours "kerb" trading on the London Metal Exchange yesterday, with the firmness of nearby COPPER premiums helping to secure steady closes across the board, traders said.

But apart from nickel and tin, there was little significant deviation from Wednesday's overnight levels as market activity calmed down after December options declarations.

The cash/three months copper premium, or "backwardation", ended unchanged from Wednesday's record of nearly $300 a tonne, while the December supply tightness was highlighted by a $155/$165 December/January spread.

Traders said there was still little sign of the tightness abating after December's expiry, as investment funds holding short positions had had to roll forward those positions.

The three months NICKEL price continued its recent rally from below $8,000 a tonne with a burst of stop-orders buying above $8,200 on the kerb giving chart patterns a constructive appearance at the close. There was support around $8,250, which traders said the market could build on now to head to an objective of $8,400.

The TIN market eroded the resistance around $6,300 a tonne, for three months delivery, which helped prices climb to a close of $6,355, up $60. However, the rally needed to reach resistance around $6,600 for the chart picture to improve, traders said.

At the London Commodity Exchange robusta COFFEE futures reversed on short-covering to end firm but off the highs after the March position had slid to a fresh 19-month low of $1,840 a tonne. Traders said the recovery was sparked by the growing spot premium and New York's failure to break through key support at 100 cents a pound. Earlier traders had felt the arabica market could test that key level.

Compiled from Reuters

WMC's Mt Keith nickel mine beats output targets

By Kenneth Gooding, Mining Industry Correspondent, in Mt Keith, Western Australia

Unexpectedly high levels of talc and arsenic contaminating the ore have not stopped Western Mining Corporation's new A$450m showpiece mine at Mt Keith more than meeting production targets in its first year of operation.

WMC is also pushing to reap the full benefits of the present nickel price buoyancy – which it expects to last for another two or three years – by quickly expanding the mine's capacity at a cost of A$40m.

In the financial year to the end of September, Mt Keith produced 21,391 tonnes of nickel in concentrate (an intermediate material) compared with target of 16,631 tonnes. The mine's capacity of 28,000 tonnes is now to be stepped up to 37,400 tonnes by June next year and then to 42,000 tonnes six months later.

"That's a real push," says Mr Brian Kennedy, resident manager, "but this is a good time to be producing nickel because the price is high."

In order to keep pace with the demands of the mill and processing equipment, which had a remarkably smooth start-up, in the first year Mt Keith stockpiled about 1m tonnes or ore because it was contaminated with talc and arsenic. Mr Mark Cutafani, WMC's operations manager, nickel, said it had been known from an early stage that the metallurgy at Mt Keith would be difficult. WMC had expected about 7 per cent of the ore to be contaminated but in the event 15 per cent was.

Some of the contaminated ore was put through the processing system in the first quarter of the current financial year as an experiment to see what could be achieved with it and this held back output. The expansion scheme assumed that a high proportion of the contaminated ore would continue to be stockpiled, said Mr Cutafani. "The higher percentage of contaminated ore gives us an extra incentive to solve the processing problems."

A solution would have to be found before WMC decided on further expansion of Mt Keith as this would involve installing more processing equipment at a cost of at least A$100m.

WMC produces in total about 12 per cent of world nickel supply and at present Mt Keith accounts for roughly one third of the group' output. Outokumpu, the Finnish metals and mining group, has a contract to take 14,000 tonnes of nickel in concentrate a year from Mt Keith to feed its stainless steel operations in Finland.

Drought in Vietnam's main coffee province stalls production growth

By Jeremy Grant in Ho Chi Minh City

Drought in Vietnam's main coffee growing province of Daklak has cut the country's September to December harvest to between 190,000 and 200,000 tonnes, compared with 200,000 tonnes in 1994, says Mr Hoang Anh, director of Cafe Control, a state coffee quality inspection agency.

All but 10 per cent of Vietnam's coffee output, which is mainly of the robusta variety, is exported and Mr Anh says the country plans to maintain exports this year.

However there are plans to increase the coffee growing area to 170,000 hectares from 150,000 by the end of 1996 through a government-sponsored plan to increase national yield by encouraging cultivation by private farmers. "We will have about 200,000 hectares by the year 2000 and 500,000 by 2010," Mr Anh says.

"Right now we have only 7,000 hectares of arabica [the milder, higher-priced variety] but we are planning to expand in the north in Binh Tri Thien province," he says, adding that this programme would account for the bulk of the national expansion plan. Vietnam is known to be keen to diversify its coffee industry by increasing output of arabica.

Vietnam is the fifth largest coffee producer and has one of the highest per hectare yields in the world at one tonne per hectare, against an average of 700kg per hectare for all significant producing countries.

The country is unlikely to join the Association of Coffee Producing Countries (ACPC) cartel despite requests at an ACPC meeting in Bali last month for the country to do so, Mr Anh says. "We do not have that intention for now because it's not the right time."

Commodity analysts agree that the move would be premature. They say Vietnam, eager to maximise export revenue, is unwilling to accept ACPC conditions requiring between 20 per cent and 30 per cent of production to be withheld from the world market as a way of helping to brake a current coffee price slide.

Vietnamese Coffee Output (tonnes)

1995-96*	190,000-200,000
1994-95	200,000
1993-94	160,000
1992-93	135,000
1991-92	95,000
1990-91	65,000
1989-90	35,000

Source: Cafe Control. *estimated

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1641.4-42.5	1678-79
Previous	1636-37	1674-75
High/low	1635	1684/1672
AM Official	1635-35.5	1672.5-73.0
Kerb close		1679-80
Open int.	230,275	
Total daily turnover	48,533	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1410-20	1450-55
Previous	1400-10	1435-45
High/low		1450/1447
AM Official	1405-15	1447-50
Kerb close		1450-60
Open int.	4,934	
Total daily turnover	625	

■ LEAD ($ per tonne)

Close	737.5-8.5	725-26
Previous	740.5-2.5	725-26
High/low	739	729/724
AM Official	739-40	724-25
Kerb close		729-30
Open int.	31,696	
Total daily turnover	13,626	

■ NICKEL ($ per tonne)

Close	8100-10	8220-25
Previous	7965-75	8090-100
High/low		8300/8080
AM Official	8065-75	8190-95
Kerb close		8290-95
Open int.	44,871	
Total daily turnover	9,068	

■ TIN ($ per tonne)

Close	6310-20	6325-35
Previous	6250-60	6285-95
High/low		6355/6300
AM Official	6285-95	6305-15
Kerb close		6355-60
Open int.	16,452	
Total daily turnover	5,266	

■ ZINC, special high grade ($ per tonne)

Close	1014-15	1038.5-39.0
Previous	1013.5-14.5	1038-39
High/low	1009	1045/1033
AM Official	1009-10	1033-34
Kerb close		1045-6
Open int.	81,680	
Total daily turnover	15,386	

■ COPPER, grade A ($ per tonne)

Close	2978-83	2684-85
Previous	2970-75	2689-90
High/low	2980/2955	2695/2673
AM Official	2955-60	2673-75
Kerb close		2691-2
Open int.	177,311	
Total daily turnover	87,973	

■ LME AM Official £/$ rate: 1.5385
LME Closing £/$ rate: 1.5363

Spot: 1.5362 3 mths: 1.5338 6 mths: 1.5308 9 mths: 1.5277

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	133.80	+3.45	134.30	130.30	1,948	8,484
Jan	127.85	+2.80	128.50	126.40	194	2,360
Feb	124.85	+2.70	125.80	125.80	75	930
Mar	121.65	+2.60	122.50	119.20	10,081	16,525
Apr	120.15	+2.40	119.95	118.50	41	412
May	118.65	+2.20	119.50	117.30	329	2,760
Total					14,049	38,740

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	388.50-388.90		
Opening	388.40-388.80		
Morning fix	388.40	252.538	453.535
Afternoon fix	387.80	252.064	451.671
Day's High	388.95-389.25		
Day's Low	387.50-387.90		
Previous close	388.20-388.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.73	6 months	2.91
2 months	2.80	12 months	2.97
3 months	2.82		

Silver Fix	p/troy oz.	US cts equiv
Spot	340.90	524.50
3 months	345.40	530.55
6 months	349.95	536.50
1 year	359.15	548.50

Gold Coins	$ price	£ equiv.
Krugerrand	387-389	251-252
Maple Leaf	399.95-402.45	
New Sovereign	90-92	58-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	389.0	+0.1	390.5	388.0	1,369	2,359
Feb	390.5	+0.2	392.4	389.1	32,784	58,387
Apr	392.5	+0.2	394.0	391.3	706	14,467
Jun	394.5	–	396.5	393.5	726	21,067
Aug	396.5	–0.1	398.0	398.0	40	4,210
Oct	398.7	–0.1	399.0	398.0	38	3,519
Total					37,541	141,358

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	414.1	–0.1	415.5	412.6	1,444	16,117
Apr	414.9	–	415.8	414.0	287	4,139
Jul	416.6	+0.3	–	418.0	104	1,806
Oct	418.6	+0.3	419.0	418.5	147	950
Jan	419.6	+0.3	–	–	–	5
Total					1,982	23,017

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	133.50	+0.40	133.00	132.00	10	529
Mar	134.75	+0.15	135.00	133.80	451	5,526
Jun	135.15	–0.85	–	–	1	186
Total					461	6,241

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	519.9	–2.8	522.0	515.5	104	640
Jan	521.3	–2.6	519.5	519.5	1	45
Mar	527.2	–2.8	530.0	523.0	10,299	60,174
May	531.7	–2.7	533.5	527.5	135	10,094
Jul	536.0	–2.7	536.0	534.0	80	6,813
Sep	540.4	–2.6	–	–	103	6,501
Total					10,836	94,598

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	18.79	+0.02	18.86	18.63	38,319	86,956
Feb	18.41	+0.04	18.47	18.28	20,829	58,345
Mar	18.19	+0.06	18.24	18.08	6,785	33,841
Apr	18.00	+0.04	18.05	17.92	3,031	18,500
May	17.84	+0.03	17.90	17.80	744	10,746
Jun	17.73	+0.04	17.77	17.69	4,418	23,323
Total					87,711	347,780

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	17.61	+0.02	17.75	17.50	15,929	52,773
Feb	17.25	+0.01	17.34	17.17	10,735	45,650
Mar	16.97	–	17.07	16.94	5,110	20,511
Apr	16.76	–	16.85	16.74	1,701	9,067
May	16.64	+0.03	16.70	16.59	1,313	3,740
Jun	16.50	+0.03	16.57	16.48	1,748	9,611
Total					37,680	152,344

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	55.45	–0.70	55.65	54.60	21,381	48,454
Feb	54.55	+0.49	54.75	54.05	11,513	34,799
Mar	52.85	+0.29	53.10	52.50	4,389	15,323
Apr	50.75	+0.19	50.90	50.60	2,316	9,807
May	49.30	+0.24	49.35	49.25	316	6,185
Jun	48.70	+0.19	48.80	48.60	882	8,835
Total					42,393	134,447

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	165.00	+1.75	166.25	163.75	9,588	19,436
Jan	165.50	+1.75	166.50	164.25	12,070	32,792
Feb	161.75	+0.50	163.00	161.75	4,292	11,707
Mar	158.75	+0.25	160.00	158.50	1,945	5,658
Apr	156.00	–0.25	157.25	155.50	830	7,998
May	154.25	–	155.25	154.00	157	1,167
Total					28,549	84,170

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	2.190	–0.017	2.290	2.160	27,715	42,333
Feb	2.070	+0.006	2.090	2.030	8,430	24,863
Mar	1.950	+0.020	1.953	1.915	5,638	18,485
Apr	1.805	+0.020	1.805	1.780	5,050	13,380
May	1.755	+0.010	1.755	1.740	1,854	10,543
Jun	1.755	+0.012	1.755	1.740	1,285	6,894
Total					55,585	162,686

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	54.00	+0.11	54.15	53.00	12,073	24,984
Feb	53.65	+0.14	53.75	53.25	4,996	19,187
Mar	53.35	–	53.50	53.15	2,029	8,965
Apr	55.70	+0.05	55.85	55.45	132	5,662
May	55.40	–0.10	55.40	55.35	161	3,932
Jun	54.90	–	54.90	54.90	351	2,185
Total					19,479	67,823

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	126.75	–0.50	127.00	126.25	328	2,087
Mar	128.80	–0.40	128.80	128.00	244	2,429
May	130.50	–0.35	130.65	130.00	274	3,258
Jul	132.40	–0.35	132.50	132.25	63	323
Sep	115.00	–0.30	–	–	–	59
Nov	116.00	–0.50	116.00	116.00	56	707
Total					965	8,864

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	516.00	+8.25	522.00	514.00	1,598	7,002
Mar	506.00	+5.00	511.00	505.00	14,798	57,813
May	468.25	+2.50	472.00	467.00	1,217	6,363
Jul	428.00	+2.50	430.00	427.00	2,717	23,120
Sep	429.25	+3.25	430.00	427.00	280	4,021
Dec	436.50	+3.50	437.50	435.00	27	1,559
Total					20,634	99,923

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	333.00	–1.75	336.75	332.50	5,672	25,703
Mar	340.75	–1.50	344.75	340.50	43,278	284,700
May	342.00	–1.50	345.75	342.00	7,386	55,710
Jul	338.00	–1.25	341.25	337.75	5,227	81,969
Sep	297.00	–0.25	298.50	296.75	1,072	11,282
Dec	283.75	+0.25	285.00	283.50	2,038	29,826
Total					64,774	482,189

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	115.65	–0.35	115.50	115.00	38	677
Mar	117.50	–0.50	117.50	117.00	54	841
May	119.45	–1.05	119.50	119.15	20	409
Sep	110.50	–	–	–	–	20
Nov	112.50	–	–	–	–	16
Total					118	1,983

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	699.25	–6.25	707.50	698.50	30,225	79,612
Mar	708.50	–5.5	716.00	708.00	11,943	52,129
May	711.00	–6.75	718.50	710.00	3,060	15,982
Jul	711.00	–6.5	718.50	710.50	4,392	22,132
Aug	707.00	–7	714.00	707.00	141	1,495
Sep	694.00	–1.5	698.00	694.00	63	1,734
Total					52,142	190,839

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	24.92	–0.26	25.18	24.90	2,819	1,913
Jan	24.99	–0.25	25.32	24.93	7,262	30,934
Mar	25.33	–0.26	25.65	25.28	3,715	25,030
May	25.66	–0.22	25.97	25.65	1,068	11,155
Jul	25.90	–0.2	26.18	25.88	1,781	9,135
Aug	25.97	–0.18	26.10	26.00	13	2,103
Total					17,895	84,629

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	219.0	–2.1	221.8	219.0	7,670	5,485
Jan	220.8	–2.1	223.8	220.6	17,544	38,558
Mar	223.5	–2	226.7	223.3	7,525	41,543
May	222.3	–2.1	225.2	222.0	1,808	11,527
Jul	221.9	–1.9	224.5	221.8	2,025	10,517
Aug	220.5	–1.5	221.5	220.0	80	1,332
Total					36,839	112,795

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	270.0	–	–	–	–	–
Apr	259.0	–9.0	265.0	255.0	106	1,230
May	300.0	–	–	–	–	8
Jun	325.0	–	–	–	–	–
Total					106	1,238

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1625	+40	1635	1600	43	233
Jan	1578	+38	1585	1541	91	1,318
Apr	1550	+20	1565	1535	92	1,460
Jul	1385	+10	1365	1365	12	588
Oct	1475	+10	–	–	11	165
Jan	1508	+23	–	–	–	21
Total					247	3,988

	Close	Prev
BFI	1607	1618

FUTURES DATA
All futures data supplied by CMS.

Wool
With Australia's main indicator 10 cents up the week at 585, the wool market seems to have drawn back from the brink of a further decline which only a week ago brought a new low point. Heavy stockpile disposals by Wool International mean that the quarterly quota has now been filled till the end of the year, which helps sentiment. Many woolgrowers and processors remain concerned about the requirement to sell the stockpile through a fixed quarterly quota system, and its adverse effects in a falling market. New Zealand, where there is no stockpile problem, also saw prices recover this week, the indicator there being just 2 cents higher at 498. There is no question of much improvement in business or activity in processing or at the retail end, but hopes of consumer demand are better than a week ago nevertheless.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	895	+5	900	888	85	118
Mar	937	+5	938	930	1,548	38,269
May	957	+5	957	951	502	14,722
Jul	976	+6	976	975	55	6,687
Sep	995	+7	995	991	167	27,693
Dec	1005	+6	1006	1003	174	8,601
Total					2,712	115,959

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1303	+1	1305	1302	24	346
Mar	1307	+1	1321	1305	1,636	38,887
May	1327	+2	1337	1325	485	12,962
Jul	1348	+2	1357	1350	50	6,070
Sep	1369	+2	1380	1369	51	9,853
Dec	1393	+2	–	–	391	8,091
Total					2,250	77,395

■ COCOA (ICCO) (SDR's/tonne)

Dec 6	Price	Prev. day
Daily	936.53	940.69

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	2053	+67	2057	1984	1,889	14,676
Mar	1863	+15	1880	1840	2,411	10,265
May	1801	+3	1815	1773	644	4,258
Jul	1759	–	1763	1730	244	2,980
Sep	1731	+11	1735	1700	62	729
Nov	1703	+6	1700	1690	55	205
Total					5,305	33,118

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	106.90	+1.90	107.30	104.00	127	620
Mar	103.55	+1.55	104.25	100.75	7,202	19,288
May	102.00	+1.10	102.70	100.75	894	3,491
Jul	102.00	+1.20	102.75	100.75	101	1,096
Sep	101.80	+1.05	102.00	101.00	125	822
Dec	101.80	+1.05	101.55	101.00	78	584
Total					8,447	25,844

■ COFFEE (ICO) (US cents/pound)

Dec 6	Price	Prev. day
Comp. daily	102.43	105.36
15 day average	112.23	103.63

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	13.25	–	–	–	–	–
Mar	10.90	–	–	–	–	–
May	11.18	–	–	–	–	–
Jul	11.19	–	–	–	–	–
Total					–	–

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	352.4	+0.6	354.0	352.0	773	14,576
May	341.6	+0.2	343.1	341.2	335	6,492
Aug	331.6	–0.1	332.5	331.0	150	3,827
Oct	303.6	–0.1	304.0	303.5	97	3,108
Dec	297.3	+0.3	298.0	297.7	47	1,620
Mar	295.3	+1.0	296.0	296.0	28	278
Total					1,488	30,093

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	11.26	–0.06	11.38	11.25	11,245	86,637
May	10.90	–0.01	10.99	10.88	2,582	24,596
Jul	10.39	–	10.46	10.38	1,280	16,358
Oct	10.22	+0.03	10.27	10.20	812	18,165
Mar	10.02	+0.01	10.02	10.02	92	10,833
May	9.96	–0.05	9.96	9.96	38	1,333
Total					16,008	158,293

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	86.00	–1.35	87.90	86.00	776	1,042
Mar	85.55	+0.95	85.60	84.20	5,706	25,413
May	84.58	+0.18	84.78	83.90	629	9,599
Jul	84.05	–0.13	84.40	83.75	382	6,731
Oct	80.30	–0.19	80.35	79.90	33	1,512
Dec	77.68	–0.32	78.00	77.80	412	8,547
Total					7,934	53,883

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	128.40	–0.75	127.20	126.30	592	17,768
Mar	129.45	–0.70	130.15	129.40	583	5,910
May	131.95	–0.70	132.70	132.40	48	1,499
Jul	134.35	–0.55	135.00	134.60	80	680
Sep	136.55	–0.35	137.00	137.00	67	606
Nov	134.05	–1.80	135.25	135.25	50	450
Total					1,395	27,733

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Dec 7	Dec 6	month ago	year ago
2125.3	2155.8	2137.8	2178.8

■ CRB Futures (Base: 1967=100)

Dec 6	Dec 5	month ago	year ago
243.59	244.08	-	-

■ GSCI Spot (Base: 1970=100)

Dec 6	Dec 5	month ago	year ago
193.40	193.21	193.58	171.02

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett. Price	Day's change	High	Low	Vol	Open int
Dec	67.875	+0.225	67.900	67.325	4,100	11,933
Feb	68.100	–0.025	68.125	67.450	7,971	31,027
Apr	68.175	+0.050	68.200	67.850	2,510	15,970
Jun	63.725	+0.025	63.750	63.350	805	7,534
Aug	62.025	+0.100	62.075	61.700	285	3,850
Oct	62.850	–	62.875	62.750	388	2,811
Total					2,111	13,942

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett. Price	Day's change	High	Low	Vol	Open int
Dec	47.175	+0.550	47.275	46.350	2,235	3,480
Feb	50.375	+0.450	50.450	49.700	5,999	16,262
Apr	50.000	+0.300	50.150	49.600	1,429	7,035
Jun	55.125	+0.450	55.150	54.425	648	4,702
Jul	54.325	+0.400	54.400	53.800	275	2,212
Aug	52.975	+0.175	53.000	52.550	94	1,293
Total					10,887	35,699

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett. Price	Day's change	High	Low	Vol	Open int
Feb	59.625	+0.750	59.775	58.600	2,440	5,250
Mar	58.775	+0.900	59.800	58.800	284	948
May	60.825	+0.875	60.950	59.900	32	437
Jul	61.925	+1.200	61.950	60.350	54	503
Aug	59.200	+1.050	59.200	58.400	15	166
Total					2,826	7,304

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Jan	Mar	Jan	Mar
1600	89	100	6	24
1700	12	45	49	68
1800	1	16	136	137
■ COPPER (Grade A) LME	**Jan**	**Mar**	**Jan**	**Mar**
2700	148	78	7	100
2800	72	42	30	163
2900	25	-	83	-
■ COFFEE LCE	**Jan**	**Mar**	**Jan**	**Mar**
1900	N/A	-	-	-
1950	N/A	-	-	-
2000	N/A	-	-	-
■ COCOA LCE	**Mar**	**May**	**Mar**	**May**
950	24	52	40	45
975	18	41	56	59
1000	11	32	75	75
■ BRENT CRUDE IPE	**Jan**	**Feb**	**Jan**	**Feb**
1650	-	-	-	8
1700	-	53	4	22
1750	15	28	15	47

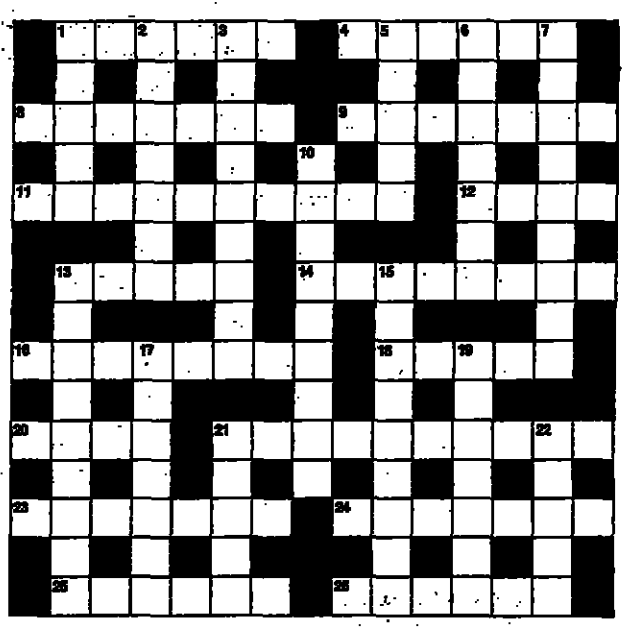
LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jan)		+or-
Dubai	$16.60-6.90w	+0.190
Brent Blend (dated)	$17.56-7.58	
Brent Blend (Jan)	$17.59-7.61	
W.T.I. (1pm est)	$18.77-8.78w	-0.010
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$168-170	
Gas Oil	$171-172	+2
Heavy Fuel Oil	$102-104	+2
Naphtha	$159-161	+2.5
Jet fuel	$191-192	+2.5
Diesel	$172-173	+2.0
Petroleum Argus. Tel. London (0171) 359 8792		
■ OTHER		
Gold (per troy oz)♣	$388.70	+0.30
Silver (per troy oz)♣	523.5c	-3.0
Platinum (per troy oz.)	$412.00	-2.20
Palladium (per troy oz.)	$131.85	-1.30
Copper	125.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.62m	+0.09
Tin (New York)	301.5c	+7.0
Cattle (live weight)†	121.51p	-0.73*
Sheep (live weight)†♠	118.35p	+8.15*
Pigs (live weight)†	107.37p	+2.69*
Lon. day sugar (raw)	$311.7	+1.1
Lon. day sugar (wte)	$385.5	-3.3
Barley (Eng. feed)	£121.25	
Maize (US No3 Yellow)	£105.5w	
Wheat (US Dark North)	Unq	
Rubber (Jan)♥	113.00p	+2.00
Rubber (Feb)♥	113.00p	+2.00
Rubber (KL RSS No1)	415.5m	+2.5
Coconut Oil (Phil)§	$715.0y	-12.5
Palm Oil (Malay.)§	$887.5z	-2.5
Copra (Phil)§	467.0y	
Soyabeans (US)	208.0u	+2.0
Cotton Outlook'A' index	88.65c	-0.80
Wooltops (64s Super)	432p	+5

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Dec. u Nov/Dec.♥ w Jan. y Dec/Jan. x Oct/Dec London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day.

CROSSWORD

No.8,939 Set by DOGBERRY



ACROSS
1 Turned out to be irksome to cheat (6)
4 Calculator used in French exam down under? (6)
8 Girl comes in to sample skin treatment centre (7)
9 Temporary death (7)
11 JCB, say, makes unsubtle infiltrator (5,5)
12 Novelist not quite out of order (4)
13 Lout loves bedding to be turned over (5)
14 "Naughty nineties" say conservationists (8)
16 Growing areas without a coin (8)
18 Passage is in the drink (5)
20 A sloth's travelling west to the east (4)
21 A ballet dancer let out to organise light fittings (10)
23 Bolt securing centre of Gulf Stream (7)
24 Unconverted roast chicken? (7)
25 Endless penner of odes on a silent star (6)
26 An operation in the barber's county (6)

DOWN
1 Trend's about level (5)
2 Erotic writer and original sinner not from Sin City (7)
3 Insular type to buck up hero with honour (9)
5 Second to survive explosion (5)
6 Sauce to feature prominently in processed food (7)
7 Feeling the punishment one received (9)
10 Lawrence inverted (and Barstow included) in gymnastic feat (9)
13 Detectives' parasite proves an exemplar (9)
15 Tea-folk receive the sign of the lizard (9)
17 Blade that's converted Saul accepting sporting trophy (7)
19 Jumper's first course (7)
21 Socialist without firm convictions (5)
22 Ambassador stifled by funny old cold (5)

Solution 8,938

DESPOT TRIPPING
O T D U O N U
WARDEN REPRIEVE
A A S L S R P R
GAINSAID LIFTED
E N A T B D O
REIN STRAIGHTEN
N S E T E H
RIGHTDRESS CARP
I E S M S I R
PANTRY SENTENCE
O E N B N R A C
SHRIEKED LIABLE
T V S A D L D
ERECTORS SEVERE

JOTTER PAD

INTERNATIONAL CAPITAL MARKETS

Europe sees correction after recent rallies

By Antonia Sharpe in London and Lisa Bransten in New York

European government bond markets turned lower yesterday in what was generally seen as a much-needed correction after the recent rallies.

"For a healthy and sustainable upward trend, some consolidation is needed," said Mr Huw Roberts, European bond strategist at NatWest Markets.

The fall also reflected position-squaring by dealers ahead of today's US payroll data. The markets are always uncertain ahead of the release of the most important monthly data in the US, but the recent shutdown of US federal offices has also raised concern that the data will have to be revised.

■ Indications in the Confederation of British Industry's distributive trade survey of upward pressure on shop prices and the overhang of stock from Wednesday's auction weighed on gilts.

Analysts said the CBI survey was disappointing but there were still strong expectations of an early cut in base rates.

GOVERNMENT BONDS

On Liffe, the March long gilt future fell $\frac{23}{32}$ to $110\frac{11}{32}$, the low for the day, in volume of just over 56,000 contracts. The yield spread over Germany was little changed at 148 basis points.

There was some concern among analysts about the lack of foreign buying in this week's auction. Although this is unlikely to cause difficulties in this financial year, it could do next year when supply is likely to be more of a problem.

■ A surprise 10-basis point cut by the Bank of France in the French intervention rate to 4.70 per cent brought French government bonds off their lows.

On the Matif, the December 10-year future contract rose from the day's low of 119.70 to settle at 120.12, down 0.10 on the day, in volume of 186,226 contracts.

The spread over the comparable German bund future narrowed further to 75 basis points to 77 points as concern about industrial action waned.

■ German bunds were lower in quiet trading as the market digested recent strong gains. The December bund futures contract ended its last trading day down 0.30 at its low for the day of 99.43, compared with a high of 99.79. The March bund future was down 0.23 at 98.76.

■ US Treasury prices were lower in early trading as dealers squared their positions in advance of today's release of November unemployment figures.

Near midday, the benchmark 30-year Treasury bond was $\frac{3}{16}$ lower at $111\frac{13}{32}$ to yield 6.039 per cent.

At the short end of the maturity spectrum, the two-year note slipped by $\frac{1}{32}$ to $100\frac{1}{32}$, yielding 5.340 per cent.

For the first time this week the long bond yield failed to dip below 6 per cent in morning trading.

There was little market reaction to a double dose of weak economic figures, although longer-term issues did edge up briefly after the Commerce Department released data showing a 0.3 per cent decrease in manufacturers orders for October.

Another sign of slowing economic growth came from the weekly report on new claims for unemployment benefits, which increased by 14,000 people last week.

Traders were especially concerned about today's employment figures given Wednesday's report in the Federal Reserve's Beige Book that labour shortages were beginning to appear in some regions.

The median estimate holds that 160,000 non-farm jobs were added to the economy in November, but that 5,000 manufacturing jobs were lost.

Bonds got little support from the dollar, which slipped against the yen and the D-Mark in early trading.

At midday, the US currency was changing hands at Y101.40 and DM1.4433 compared with Y101.60 and DM1.4465 late on Wednesday.

Salomon cuts 50 staff in Hong Kong

By Louise Lucas in Hong Kong

Salomon Brothers yesterday dismissed 50 people from its 300-strong Hong Kong team as a result of weak stock markets in the region.

Mr William Phillips, chairman and chief executive officer of Salomon Brothers Asia Pacific, said: "An element of markets are not performing as we expected. A number of houses, particularly Wall Street firms, in the early '90s predicated on the more buoyant market conditions."

The US investment bank is the latest casualty of Hong Kong's fickle capital markets. The redundancies follow streamlining at Goldman Sachs and redeployment of staff to Singapore from Hong Kong by J.P. Morgan.

Yesterday, Standard Chartered Bank axed four jobs in Hong Kong and 10 to 20 in London as part of a global move to integrate corporate finance and capital markets.

Many banks built up their presence in Hong Kong during the tail end of the stock market rally which ended in early 1994. Turnover is now half or less than levels seen then.

● Salomon Brothers has announced 57 new managing directors, taking the total to 227, writes Maggie Urry in New York.

It also began telling existing MDs their annual bonuses. Bonuses became a bone of contention earlier this year when Mr Deryck Maughan, chairman and chief executive, introduced a scheme linking them more closely to profits. That would have cut bonuses sharply.

After more than two dozen resignations, the scheme was amended and the departures dried up. This year's bonuses are expected to average the same as last year.

Slovenia to launch maiden eurobond

By Gavin Gray

Slovenia, the most developed of the six former Yugoslav republics, yesterday announced plans to launch its maiden issue in the eurobond market.

A mandate to lead-manage the deal has been awarded to J.P. Morgan, which is also assisting the Slovenian government in obtaining long-term credit ratings.

The issue will be launched next year after Slovenia receives its ratings and is expected to be between \$150m and \$200m. There will be a Rule 144a option enabling US institutional investors to buy the deal and the maturity is expected to be five years.

This will be the first straight eurobond from any of the former Yugoslav republics, although Croatia is at an earlier stage of preparing an issue.

Slovenia has a low debt burden compared with its export earnings and is tapping the bond market partly for publicity purposes. A small Alpine country with a population of only 2m, it has GDP per capita of \$7,000 – the highest in eastern Europe and little short of levels in Greece and Portugal.

The country has escaped the effects of the Yugoslav conflict and Slovenian industry has replaced its former Yugoslav markets with customers in western Europe. Even so, fears of political risk have discouraged some investors.

The country has already borrowed in the syndicated loan market and its cost of funds has fallen sharply in the last year.

In its latest syndication, a \$60m loan signed in September, it pushed its cost of funds below Libor plus 1 percentage point for the first time. The Czech Republic is the only east European country that can raise loans more cheaply.

This trend reflects an agreement announced in June between Slovenia and the former Yugoslav bank creditors on what share the country will take of the former country's \$4.5bn bank debt. This accord, which needs to be approved by two-thirds of the bank creditors, will see Slovenia assuming 18 per cent of the debt.

If approved, this will push Slovenia's foreign debt up to \$3.3bn compared with international currency reserves of over \$2.5bn. Tapping the eurobond market will also give the country a cheap way of refinancing this debt.

Real-time settlement move by Euroclear approved

By Conner Middelmann

In line with the trend towards shorter settlement periods in the international bond market, the board of Euroclear, the Brussels-based bond clearance system, yesterday approved the development of a technology platform that would enable Euroclear to process and settle transactions on a real-time basis.

The project will be implemented in several phases, with the first stage targeted for completion in 1997.

The market norm currently is for bonds to be cleared through a batch system, usually settling three days after the trade date, in line with the T+3 recommendation of the International Securities Markets Association that became effective in June.

Real-time processing would help participants reduce their funding costs and leverage assets fully, Euroclear said.

Ireland securitises mortgage cashflows

By Conner Middelmann

Ireland yesterday became the second European government after Finland to launch a securitisation issue.

Ulysses Securitisation, a special-purpose vehicle set up to acquire a portfolio of mortgage loan cashflows in Ireland, issued I£140m of 7⅝ per cent bonds due August 2006. The triple-A rated bonds yield 23 basis points over the corresponding Irish government bond.

INTERNATIONAL BONDS

The Irish government will use the proceeds to pay part of an I£250m compensation order relating to a European Union directive on social security payments.

Ireland will guarantee the cashflows from the mortgage loans, effectively ensuring the notes are equivalent to government risk. Lead manager UBS said the issue was oversubscribed, and placed mainly among Irish, UK and German institutions.

Another asset-backed offering came for National Home Loans Holdings, which issued £122.5m of securitised floating-rate notes in two tranches through its vehicle Homeloans via J.P. Morgan.

Parma Food, the Italian food company, came with yet another asset-backed deal, \$200m of five-year floating-rate notes backed by trade receivables. Lead manager SBC Warburg said the notes had been placed mainly with UK and German institutions.

In the UK domestic bond market, UBS led two local-authority issues which saw strong demand from UK institutions with long-dated liabilities: £100m of 30-year bonds for the City of Coventry yielding 59 basis points over gilts, and £80m of 35-year bonds for the City of Salford, yielding 65 basis points over gilts.

Salford's bonds are partly-paid and 20 per cent of the issue will be repaid during the last five years of their life.

Deutsche Flugsicherung, the state-owned air traffic control company, made a well-received DM300m 10-year issue yielding 32 basis points over bunds via joint leads Deutsche Morgan Grenfell and Goldman Sachs.

● The board of the European Bank for Reconstruction and Development has approved a 1996 borrowing programme of up to Ecu1.5bn. The bank expects its portfolio commitments to grow by some 40 per cent and its disbursements by 70 per cent next year.

The EBRD has borrowed Ecu1.1bn this year in 27 transactions using seven currencies, at an average maturity of 9.6 years and an after-swap cost of Libor less 34 basis points.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Parma Food(a)‡	200	(a1)	99.875R	Dec.2000	0.45R	-	SBC Warburg
D-MARKS							
Rheinische Hypothekenbank(b)	500	5.50	101.75	Dec.2001	2.125	-	ByrHyp/Cmmz/Dradnr/UBS
Deutsche Flugsicherung	300	6.25	99.20R	Jan.2006	0.325R	+32(6½%-05)	Deutsche/Goldman Sachs
YEN							
BNG★	10bn	(c)	100.70	Dec.2025	0.70	-	Nomura International
SWISS FRANCS							
SBC Jersey	200	3.50	102.45	Jan.2000	1.75	-	SBC Warburg
STERLING							
Homeloans No.1, Class A(d)‡	112.5	(d1)	100.00R	Oct.2030	0.20R	-	JP Morgan Securities
GUILDERS							
ING Verzekeringen	250	6.25	99.71R	Dec.2005	0.375R	+21(6¾%-05)	ING Barings
CANADIAN DOLLARS							
City of Vancouver	100	7.50	99.55R	Jan.2006	0.35R	+22(8¾%-05)	RBC Dominion Securities
IRISH POUNDS							
Ulysses Securitisation(e,s)	140	7.625	99.488R	Aug.2006	0.325R	+23(8%-06)	UBS

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Asset backed. a1) 3-mth Libor +25bp. b) Offentliche Pfandbrief. Fungible with DM1bn. Plus 9 days accrued. c) 6.05% in Aus$ or 6.05% in DM. d) Secured by mortgages originated by National Home Loans subsidiary. Callable on coupon dates from Jan.02 at par. Expected average life: 4.4 yrs. d1) 3-mth Libor +18bp to Jan.04 and +60 bp thereafter. d2) Mezzanine notes: £10m, 3-mth Libor +80bp to Jan.04. Callable from Jan.02, par. e) Secured by mortgage loans originated by Irish Local Authorities. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		7.500	07/05	94.9500	-0.700	8.27	8.17	8.68
Austria		6.500	11/05	99.8400	-0.240	6.52	6.62	6.93
Belgium		6.500	03/05	98.6600	-0.130	6.69	6.71	6.98
Canada *		8.750	12/05	110.7500	-0.850	7.22	7.15	7.78
Denmark		8.000	03/06	104.8600	-0.200	7.30	7.30	7.84
France	BTAN	7.750	04/00	106.5000	-	5.99	6.11	6.57
	OAT	7.750	10/05	106.3000	-0.310	6.85	6.92	7.33
Germany Bund		6.500	10/05	102.8100	-0.480	6.11	6.15	6.47
Ireland		6.250	10/04	92.5000	-0.450	7.43	7.49	8.13
Italy		10.500	09/05	97.4600	-0.290	10.92†	11.19	11.61
Japan	No 129	6.400	03/00	120.3570	+0.109	1.35	1.32	1.58
	No 174	4.600	09/04	114.2390	+0.524	2.61	2.66	2.83
Netherlands		6.750	11/05	104.5900	-0.270	6.12	6.16	6.52
Portugal		11.875	02/05	109.5600	+0.160	10.21	10.35	11.24
Spain		10.150	01/06	98.7400	+0.150	10.13	10.17	10.91
Sweden		6.000	02/05	83.6690	-0.660	8.65	8.77	9.20
UK Gilts		8.000	12/00	104-28	-8/32	6.83	6.91	7.43
		8.500	12/05	107-15	-12/32	7.43	7.54	8.01
		9.000	10/08	111-12	-15/32	7.60	7.70	8.13
US Treasury *		5.875	11/05	101-09	-19/32	5.70	5.76	6.04
		6.875	08/25	111-16	-25/32	6.04	6.14	6.36
ECU (French Govt)		7.500	04/05	102.4900	-0.220	7.12	7.18	7.67

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.65	Two year	5.36
Prime rate	8¾	Two month	5.55	Three year	5.39
Broker loan rate	7½	Three month	5.48	Five year	5.52
Fed.funds	5$\frac{11}{16}$	Six month	5.42	10-year	5.69
Fed.funds at intervention	-	One year	5.36	30-year	6.03

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	120.16	120.12	-0.10	120.18	119.70	202,048	80,343
Mar	119.48	119.34	-0.20	119.50	119.04	30,004	41,623
Jun	119.72	119.64	-0.14	119.74	119.32	938	3,892

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jan	Calls Mar	Calls Jun	Puts Jan	Puts Mar	Puts Jun
116	-	-	-	0.06	0.40	-
117	-	-	-	0.13	0.54	-
118	1.63	2.14	1.58	0.28	0.80	-
119	0.89	1.49	-	0.61	1.22	-
120	0.42	1.00	-	1.09	-	2.05

Est. vol. total, Calls 29,123 Puts 17,500. Previous day's open int., Calls 129,714 Puts 113,229

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.93	98.71	-0.38	99.05	98.45	150200	189722
Jun	98.40	98.12	-0.38	98.40	98.10	85	161

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
9850	0.50	0.86	1.08	1.24	0.29	0.65	0.87	1.62
9900	0.26	0.61	0.83	1.02	0.55	0.90	1.12	1.90
9950	0.11	0.42	0.62	0.83	0.90	1.21	1.41	2.21

Est. vol. total, Calls 17871 Puts 11402. Previous day's open int., Calls 175606 Puts 141153

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	106.10	105.74	-0.46	106.15	105.39	37898	48300
Jun	-	105.12	-0.58	-	-	0	721

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10550	1.94	2.48	1.70	2.86
10600	1.69	2.26	1.95	3.14
10650	1.47	2.04	2.23	3.42

Est. vol. total, Calls 1377 Puts 598. Previous day's open int., Calls 32609 Puts 25785

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	93.35	93.09	+0.09	93.54	92.91	75,556	35,732
Mar	93.20	93.06	+0.43	93.35	92.88	2,740	10,644

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	111-11	111-01	-0-17	111-11	110-28	5394	37371
Mar	110-30	110-16	-0-18	110-30	110-05	57921	112073

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
110	0-63	1-34	1-56	2-16	0-31	1-02	1-24	2-20
111	0-30	1-01	1-23	1-51	0-62	1-33	1-55	2-55
112	0-13	0-41	0-61	1-27	1-45	2-09	2-29	3-31

Est. vol. total, Calls 2691 Puts 1410. Previous day's open int., Calls 26641 Puts 20056

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	90.66	90.54	-0.18	90.66	90.32	1,630	9,733
Mar	89.63	89.48	-0.18	89.62	89.32	449	1,238

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	120-20	120-20	-0-03	120-29	120-20	14,013	107,631
Mar	120-10	120-12	-0-03	120-22	120-09	445,089	319,020
Jun	120-00	119-30	-0-03	120-07	119-24	1,835	14,438

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	122.10	-	-	122.15	121.95	1958	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Dec 7	Day's change %	Wed Dec 6	Accrued interest	xd adj. ytd		Low coupon yield Dec 7	Dec 6	Yr. ago	Medium coupon yield Dec 7	Dec 6	Yr. ago	High coupon yield Dec 7	Dec 6	Yr. ago
1 Up to 5 years (23)	123.77	-0.05	123.83	2.33	9.72	5 yrs	6.89	6.85	8.52	6.90	6.86	8.54	6.98	6.95	8.71
2 5-15 years (21)	150.50	-0.25	150.88	1.90	11.73	15 yrs	7.60	7.55	8.41	7.65	7.59	8.55	7.72	7.67	8.76
3 Over 15 years (9)	167.94	-0.55	168.88	1.86	13.13	20 yrs	7.68	7.62	8.37	7.71	7.65	8.56	7.77	7.73	8.66
4 Irredeemables (6)	193.07	-0.12	193.29	1.27	13.71	Irred.†	7.79	7.77	8.45						
5 All stocks (59)	145.52	-0.24	145.88	2.09	11.34										

Index-linked							Inflation 5% Dec 7	Dec 6	Yr. ago	Inflation 10% Dec 7	Dec 6	Yr. ago
6 Up to 5 years (1)	195.11	-0.10	195.30	1.02	8.87	Up to 5 yrs	2.79	2.73	4.07	1.65	1.60	2.90
7 Over 5 years (11)	189.97	-0.23	190.42	1.42	4.45	Over 5 yrs	3.50	3.48	3.90	3.30	3.28	3.71
8 All stocks (12)	189.95	-0.23	190.39	1.41	4.54							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Dec 7	Dec 6	Dec 5	Dec 4	Dec 1	Yr ago	High*	Low*
Govt. Secs. (UK)	96.03	96.22	95.69	95.35	95.65	91.65	96.22	90.22
Fixed Interest	114.81	114.49	114.06	114.07	114.12	109.48	114.81	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Dec 6	Dec 5	Dec 4	Dec 1	Nov 30
Gilt Edged bargains	112.1	109.1	86.1	104.4	109.4
5-day average	104.2	105.7	106.0	109.0	107.6

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on December 7

U.S. DOLLAR STRAIGHTS | SWISS FRANC STRAIGHTS | YEN STRAIGHTS | OTHER STRAIGHTS | DEUTSCHE MARK STRAIGHTS | FLOATING RATE NOTES | CONVERTIBLE BONDS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible]

© The Financial Times Ltd, 1995. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by International Securities Market Association.

UK GILTS PRICES

Shorts" (Lives up to Five Years) | Five to Fifteen Years | Over Fifteen Years | Undated | Index-Linked | Other Fixed Interest

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Cut in French intervention rate underpins franc

By Graham Bowley

A surprise cut in the Bank of France's intervention rate supported the franc on the foreign exchanges yesterday as the D-Mark was undermined by signs of a slowdown in the German economy.

The dollar was broadly unchanged ahead of non-farm payroll data due today, which analysts said would be important in assessing the US Federal Reserve's next move on interest rates. The dollar traded in a narrow band around the DM1.44 level.

Figures showing a narrowing of the Japanese current account surplus pointed to a long-term weakening of the yen against the dollar, economists said.

Trading was thin on the European crosses as dealers waited for the outcome of the summit between Mr Jacques Chirac, the French president, and Mr Helmut Kohl, the German chancellor.

The pound sold off slightly against the D-Mark. Analysts said this was due mainly to comments by Mr Eddie George, the governor of the Bank of England, which they said hinted at a cut in UK interest rates soon.

The franc finished in London at FFr3.449 against the D-Mark, from FFr3.444.

The dollar finished against the D-Mark at DM1.4416 from DM1.4444 at the previous close. The dollar closed lower against the yen at Y101.185 from Y101.440.

Sterling finished down against the dollar at $1.5378 from $1.5483. It closed lower against the D-Mark at DM2.2168 from DM2.2229. The sterling trade weighted index finished at 82.8 from 82.9.

■ Pound in New York

Dec 7	Latest	Prev. close
£ spot	1.5385	1.5430
1 mth	1.5366	1.5420
3 mth	1.5340	1.5404
1 yr	1.5251	1.5316

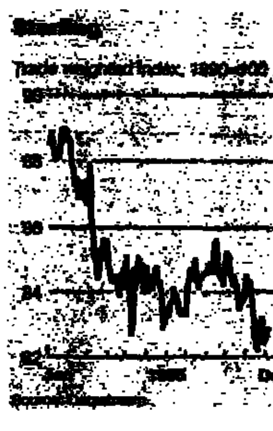
■ The Bank of France cut its intervention rate from 4.8 per cent to 4.7 per cent at its securities repurchase tender.

The cut was welcomed by analysts and traders. Mr Gerard Lyons, chief economist at DKB International in London, said: "It was a good move. For far too long, the Bank of France has been too cautious. The fact that the franc didn't weaken may give the French authorities encouragement to be more aggressive [in cutting rates] in coming months."

Pibor short-term interest rate futures rallied on the move. In late trading, the December contract was trading around 94.22, compared with the previous close of 93.94.

Mr Jeremy Hawkins, chief economist at Bank of America in London, said: "People are looking at the rate cut as a signal for currency strength rather than weakness."

He said the move was welcomed since a reduction in interest rates was likely to lead to lower debt service costs which in turn would reduce the fiscal deficit. He said the move would also help restore market confidence in government policies.



Sterling
Trade weighted index (1990=100)

■ The D-Mark was held back by data which showed that German unemployment rose by 42,000 last month to around 3.7m – much bigger than the rise expected by most economists.

Data also showed that German gross domestic product was unchanged in the third quarter of the year compared with the second quarter, fuelling speculation that the Bundesbank might move soon to lower German interest rates.

The Swedish krona suffered a set back on expectations of a cut in Swedish interest rates. The krona closed at SKr4.594 against the D-Mark, from SKr4.548.

■ Japan's trade surplus fell to $4.31bn in October from $10.6bn in September, the finance ministry said.

"The numbers reinforce the belief that the yen is set to weaken against the dollar over the coming months," said Mr Lyons.

The data also pointed to large long-term capital outflows in October, a reversal of the inflows seen in the previous month.

"It is quite clear that the Japanese are becoming buyers of foreign bonds again and anecdotal evidence suggests that this continued in November," said Mr Lyons.

■ In the UK, Mr George told the House of Commons Treasury Committee that Britain's economic slowdown had been "more marked than expected".

He also said that cost-push inflation pressures in the UK had begun to abate, but that the UK had "not yet felt the full effects" of the weakness of sterling.

The comments were nevertheless taken as showing that "Eddie George is at least leaning in the direction of a rate cut," said Mr Hawkins.

■ OTHER CURRENCIES

Dec 7	£	$
Czech Rp	40.7866 - 40.8864	26.5180 - 26.5230
Hungary	208.364 - 208.540	135.530 - 135.560
Iran	4814.90 - 4812.30	3000.00 - 3002.00
Kuwait	0.4611 - 0.4621	0.2999 - 0.3004
Poland	3.8742 - 3.8778	2.5200 - 2.5210
Russia	7084.94 - 7084.34	4606.00 - 4608.00
UAE	5.6483 - 5.6500	3.6725 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Dec 7		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5973	-0.0427	888 - 057	15.6847	15.5526	15.5698	3.3	15.5098	2.2	-	-	106.5
Belgium	(BFr)	45.5958	-0.1343	532 - 384	45.8260	45.4780	45.4808	3.0	45.3108	2.5	44.5858	2.2	109.0
Denmark	(DKr)	8.5829	-0.0229	779 - 878	8.6289	8.5646	8.5713	1.6	8.5589	1.4	8.4654	1.0	109.4
Finland	(FM)	6.6190	-0.0167	113 - 247	6.6440	6.5980	6.6136	0.8	6.6056	0.8	-	-	88.0
France	(FFr)	7.8427	-0.0127	398 - 455	7.6840	7.6256	7.6426	0.0	7.6473	-0.2	7.6211	0.3	109.9
Germany	(DM)	2.2168	-0.0081	157 - 179	2.2307	2.2112	2.2117	2.7	2.2034	2.4	2.1641	2.4	111.4
Greece	(Dr)	364.859	-0.535	379 - 338	365.962	364.140	-	-	-	-	-	-	68.6

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 7		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J P Morgan index
Europe													
Austria	(Sch)	10.1426	-0.0118	397 - 454	10.1740	10.1200	10.1271	1.8	10.1011	1.6	9.9976	1.4	106.4
Belgium	(BFr)	29.6500	-0.04	300 - 700	29.7250	29.5770	29.598	2.1	29.51	1.9	29.205	1.5	108.5
Denmark	(DKr)	5.5813	-0.006	795 - 830	5.5970	5.5705	5.5775	0.8	5.5715	0.7	5.5688	-0.1	108.3
Finland	(FM)	4.3036	-0.004	003 - 068	4.3138	4.2882	4.2986	1.4	4.2889	1.3	4.2611	1.0	87.0
France	(FFr)	4.9689	-0.0003	693 - 704	4.9862	4.9597	4.9734	-0.8	4.9809	-0.9	4.9924	-0.5	109.4
Germany	(DM)	1.4416	-0.0016	412 - 419	1.4462	1.4362	1.4393	1.9	1.4351	1.8	1.4176	1.7	110.5
Greece	(Dr)	237.260	+0.03	010 - 510	238.120	236.830	238.985	-8.7	242.185	-8.3	255.66	-7.8	66.0

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

■ THREE MONTH EUROLIRA FUTURES (LIFFE) L1000m points of 100%

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
8950	0.12	0.62	0.99	0.10	0.26	0.31
8975	0.04	0.47	0.82	0.27	0.36	0.39
9000	0.01	0.35	0.67	0.49	0.49	0.49

Est. vol. total, Calls 37 Puts 12. Previous day's open int., Calls 19001 Puts 9213

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

■ D-MARK FUTURES (IMM) DM 125,000 per DM

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

■ STERLING FUTURES (IMM) £62,500 per £

UK INTEREST RATES

LONDON MONEY RATES

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

EMS EUROPEAN CURRENCY UNIT RATES

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

BASE LENDING RATES

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Barings Bc Cm 2nd Prf		60½xd	—	88	50¼	8.91	19.8	–
Cater Allen		459	—	525	418	148.7	8.5	7.3
Close Bros		325	–2	*340½	216¼	380.3	3.3	14.4
Gerrard & Nat		453xd	—	465	395	221.1	6.2	14.6
Hambros		203xd	+1	263	180	358.9	4.6	–
7½pc Cv Pf		95	—	112	94	123.7	9.8	–
Joseph (L)		463	—	463	353	24.5	5.1	25.6
King & Shaxson		137	—	145	85	35.2	8.2	10.6
Rea Brothers		45	—	67	44	21.9	2.8	18.0
Schroders		1335	—	*1478	906¼	2,815	1.3	19.0
N/V		1135	—	*1180	823¼	500.7	1.6	16.2
Singer & Fried		108½	–½	111	81	215.4	4.2	11.3
8½pc Cv Ln 08/14		£135½	—	£137	£113	41.8	6.2	–
Union		105	—	121	70	27.9	3.6	–
Wintrust		288	—	295	200	23.0	5.3	15.3

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

OIL EXPLORATION & PRODUCTION

PHARMACEUTICALS

PHARMACEUTICALS - Cont.

RETAILERS, GENERAL - Cont.

PROPERTY

OIL, INTEGRATED

OTHER FINANCIAL

LEISURE & HOTELS

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TOBACCO

TRANSPORT

WATER

AIM

GUIDE TO LONDON SHARE SERVICE

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion.

♣ FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT7030. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 38[illegible]. Reports will be sent the next working day, subject to availability.

Both Annual Reports and FT Company Focus are available from the above number

FT Company Focus

Comprehensive 10-14 page report available on this company, containing key FT stories from the last year, latest survey of City profit forecasts and investment recommendations. 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements for £6.45.

To order, call 0121 200 4676.

Reports published by ShareFinder Ltd.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg

Call 0171 873 4378 for more information on FT Cityline.

For readers phoning from outside UK, please dial +44 in place of the first 0.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

BERMUDA (REGULATED)(**)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Equities worried by early sell-off on Wall Street

By Steve Thompson,
UK Stock Market Editor

The recent slide in UK equities gathered pace yesterday, with the leading issues falling sharply in the afternoon, dragged down mainly by a sharp sell-off on Wall Street in early trading.

The Dow Jones Industrial Average, which has been hitting new peaks for the last week or so, was under pressure from the opening, and was down 40 points an hour after London closed. And traders in London were forecasting a substantial correction on Wall Street in the short term.

Some of the US hi-tech stocks, which have been in the forefront of Wall Street's recent upsurge, were around 10 per cent lower.

The FT-SE 100 index closed at a session low of 3,639.5, down 23.3, after a day when it was always struggling to resist the pressure of various waves of selling.

Second-line issues gave a more resolute showing, with the FT-SE Mid 250 index sustained by a good rise in T&N, after it settled its dispute with the New York Port Authority and Airtours, which responded to takeover speculation. The Mid 250 ended 6.0 off at 3,953.9.

Equities received no help from the gilts market, where the 10-year gilt retreated 14 ticks and the 20-year gilt 20 ticks in the wake of the disappointing outcome to Wednesday's auction of £3bn of stock.

Bearish stories on a number of Footsie constituents emerged during the early afternoon, undermining sentiment across the leaders.

Of these, Arjo Wiggins, the troubled paper group, was the worst performer, with confirmation of its demotion from the FT-SE 100 index setting the seal on an unhappy period for the company.

Arjo was closely followed by media groups Reed International and Pearson, both of which were wounded by fears of fierce competition to their multi-media products from the Internet. Reed was additionally unsettled by a downgrade of Elsevier, Reed's Dutch associate, by Merrill Lynch. Standard Chartered shares were weakened by hints that, on top of its preference share issue, a large line of stock was being offered in the market.

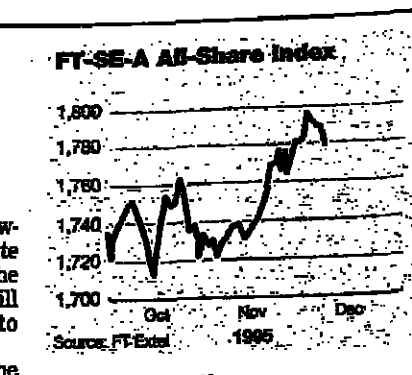
National Grid shares were heavily traded, with one leading securities house thought to have been an aggressive seller of the stock.

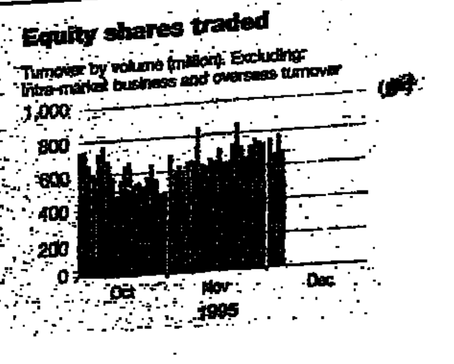
Commenting on the market's recent lacklustre showing, which has stretched over four consecutive trading sessions, the head trader at one leading securities house said the market needed a break after climbing 150 points in a month. "I think we are going down in the short term," he said.

There remain strong hopes, however, for a series of interest rate cuts in the UK, Germany and the US. And some market optimists still expect more takeover news to emerge in coming weeks.

Turnover accelerated late in the session, eventually reaching a highly satisfactory 750.1m shares, with non-FT-SE 100 stocks accounting for some 60 per cent of the total.

It was not all gloom, however. GEC's interim figures were in line with analysts' forecasts and there was widespread relief that no nasty shocks were included. The appointment of a new chairman at GUS was given a good reception.





Indices and ratios

FT-SE 100	3639.5	-23.3
FT-SE Mid 250	3953.9	-6.0
FT-SE-A 350	1804.7	-9.6
FT-SE-A All-Share	1778.74	-10.58
FT-SE-A All-Share yield	3.81	(3.79)
FT Ordinary index	2635.0	-13.4
FT-SE-A Non Fins p/e	16.52	(16.60)
FT-SE 100 Fut Dec	3645.5	-27.0
10 yr Gilt yield	7.43	(7.37)
Long gilt/equity yld ratio:	2.04	(2.04)

Best performing sectors

1. Electronic & Elec. Eq. .... +1.9
2. Oil, Integrated .... +0.8
3. Engineering, Vehicles .... +0.7
4. Mineral Extraction .... +0.4
5. Breweries .... +0.4

Worst performing sectors

1. Media .... -2.1
2. Telecommunications .... -2.0
3. Retailers, Food .... -1.7
4. Pharmaceuticals .... -1.7
5. Gas Distribution .... -1.4

Internet threat to Reed

If biotechnology is the wonder bubble in the pharmaceuticals industry, the Internet is its equivalent in publishing.

Companies seen to be participating have reaped huge share price gains and companies that might be missing out lose favour with investors.

Therefore it was not surprising that a hard-hitting article from Forbes, the US business magazine, should affect Reed International.

Reed's main business is publishing academic journals and the article argued that college libraries were bypassing traditional publishers in favour of the Internet. It focused on one state university library and claimed it had cancelled subscriptions to more than 1,500 journals costing $446,000 and fed professor and student requests via the Internet for just $25,000.

The article comes after Reed shares had hit an all-time high. It provided an opportunity to pocket profits during a period when fund managers are becoming increasingly nervous about the rarified heights of the UK and US markets and are keen to maintain the gloss on their performance over the year.

Reed tumbled 46 to 999p on turnover of 4.6m shares, while Pearson, the media conglomerate which owns the Financial Times, fell in its wake to close 23 off at 645p.

Cable concerns

Telecoms trauma trickled down to the cable networks yesterday. While BT continued to suffer in response to pressure from the official regulator, analysts began to look at the effect on the smaller telephone operators.

The argument is that companies such as Mercury (owned by Cable and Wireless), Nynex and General Cable have to price their products in relation to BT, which has the majority of the UK business.

If BT is forced by the regulator to cap its prices at the current formula of RPI minus 7.5 percentage points, then the smaller players will also have to keep their prices tight. C&W lost 9 to 444p, General Cable 2½ to 192p and Nynex 5 to 122p. There was no let-up for BT, down a further 6 at 346p, making a fall of 31 this week.

GEC advances

Electronic engineering giant GEC was the best Footsie performer in the session as the market appreciated interim figures in line with forecasts.

Profits came in at £402m, against a range of forecasts of between £398m and £432m, with some dealers suggesting there was relief that provisions and write-offs in electronic systems programmes did not materialise.

The shares advanced 12½ to 314p on trade of 10m. But not everyone is a fan of the stock, and Mr Doug Hawkins at Nomura, speaking about the group's performance, said: "It is fairly lacklustre and there is little in the statement for the market to get its teeth into. One has to be fair to management, a lot of these businesses are mature industries, but it is disappointing that areas like power are not making more margin progress."

The market was cheered by news at Great Universal Stores that Lord David Wolfson of Sunningdale, currently chairman of Next, is to succeed his cousin Lord Leonard Wolfson of Marylebone as chairman of GUS.

Shares in both companies moved strongly ahead on the news, with GUS ending the session 18 up at 632p in volume of 7.3m, with one analyst saying: "There is more of a chance that the new management will help unlock shareholder value, which is what the market is waiting to see." Sentiment was further boosted by the release of improved figures that prompted a round of profits upgrades. UBS raised its current year forecast by £5m to £585m.

Next closed 5 ahead at 449p amid vague talk that GUS may launch a bid, a move analysts dismissed yesterday.

In drinks, Bass, which reported better than expected figures earlier this week, appreciated another 17 to 712p, as more brokers upgraded current year profits expectations.

T&N topped the list of the best performers in the FT-SE Mid 250 index, the shares gaining 10 to 130p, after it said it had settled a property damage case brought by the Port Authority of New York and New Jersey for £6.5m.

Henderson Crosthwaite is a buyer of the shares and believes: "The current share price is discounting T&N's market value by nearly £1bn for its asbestos liabilities."

Holiday groups Airtours and First Choice were boosted by speculation in the trade press that either of the companies may be a target for US cruise operator Carnival Cruise. Shares in the former jumped 17 to 338p, while the latter hardened 6 to 62p, with one analyst saying: "I cannot see the logic of such a deal."

Rank Organisation reversed some of the gain that followed the release of an upbeat trading statement. The shares fell 10 to 415p, with NatWest Securities advising investors to reduce holdings.

Standard Chartered fell 22 to 566p on announcing terms for placing £100m of preference shares. The issue had been expected, but there was some volatility ahead of the statement and one UK investment bank was said to be struggling to place 8m shares.

Govett Group, the fund manager, rose 22 to 242p after announcing the sale of its UK fund management arm, John Govett, for £101m to Allied Irish Bank.

British Gas fell 3½ to 229p, on heavy turnover of 24m shares, as one broker took an order to place 10m shares on behalf of a client. The stock was taken on at 225p a share and sold at 228½p.

Shell Transport perked up 8½ to 829p, partly reflecting the backwash from the huge BP stake sale by the UK government on Tuesday. But there were also suggestions that Shell might be tempted to end its Japanese joint venture, which has not added a great deal to the bottom line. Analysts took heart from news that Caltex, of the US, had pulled out of its 44-year-old venture with Nippon Oil.

BP's rise of 3 to 527p yesterday suggested that it had coped remarkably comfortably with the government's 101m-share placing.

Paper group Bunzl benefited from the aversion to its rivals in the sector. As investors piled out of Arjo Wiggins Appleton and De La Rue ahead of their departure from the Footsie on December 18, they were looking for somewhere else in the sector to park funds in order to maintain an appropriate weighting. One salesperson commented: "It is the one safe bet in a dodgy sector." Bunzl rose 4 to 191p, while Arjo slid 7½ to 158½p and De La Rue 3 to 652p.

Cluff Resources jumped 12 to 104p on the announcement that Ashanti Goldfields had made an agreed £80m offer for the company with a full cash alternative of 105p a share.

ICI fell 14 to 751p in reaction to a television documentary on Wednesday, which alleged that chemicals were escaping from dumps and incinerators and penetrating the food chain.

MARKET REPORTERS:
Peter John,
Joel Kibazo.

FINANCIAL TIMES EQUITY INDICES

	Dec 7	Dec 6	Dec 5	Dec 4	Dec 1	Yr ago	*High	*Low
Ordinary Share	2635.0	2648.4	2651.1	2660.0	2670.6	2323.2	2676.1	2238.3
Ord. div. yield	4.07	4.05	4.05	4.04	4.04	4.50	4.73	4.02
P/E ratio net	15.79	15.89	15.89	15.91	15.85	17.50	21.33	15.35
P/E ratio nil	15.62	15.72	15.72	15.73	15.76	17.07	22.21	15.17

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2648.9	2649.2	2647.2	2645.9	2644.8	2644.4	2643.0	2640.0	2635.5	2650.4	2634.8

	Dec 7	Dec 6	Dec 5	Dec 4	Dec 1	Yr ago
SEAQ bargains	26,780	27,906	31,069	32,729	30,592	18,710
Equity turnover (£m)†	-	1813.1	2784.7	1534.7	2176.8	1340.9
Equity bargains†	-	34,536	38,492	40,006	36,419	24,708
Shares traded (ml)†	-	657.3	784.4	636.6	765.7	547.0

†Excluding intra-market business and overseas turnover

■ London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	619	Total Highs	129	Total contracts	31,589
Total Falls	512	Total Lows	44	Calls	19,742
Same	1,732			Puts	11,847

Dec. 7 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3669.0	3645.5	-27.0	3670.0	3636.0	15223	55134
Mar	3688.0	3670.0	-26.0	3692.0	3661.0	6679	23862
Jun	3686.5	3672.5	-26.0	3686.5	3686.5	100	1016

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3954.0	3950.0	-	3959.0	3940.0	1461	1908
Mar	4000.0	4000.0	-	4000.0	4000.0	1436	1775

■ FT-SE 100 INDEX OPTION (LIFFE) (3641) £10 per full index point

	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P	3600 C	3600 P	3650 C	3650 P	3700 C	3700 P	3750 C	3750 P	3800 C	3800 P
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 5,047 Puts 3,341

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3475		3525		3575		3625		3675		3725		3775		3825	
Dec	171	1	122	2	75	4½	35	14½	12½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	189½	13½	146½	20	107½	30½	73	46	47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Feb	208	18	166½	27½	130½	41	99	59	72½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar			186½	44			117½	73½			[illegible]	[illegible]			[illegible]	[illegible]
Jun†			227	85			168	120			[illegible]	[illegible]			[illegible]	[illegible]

Calls 2,404 Puts 6,318 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	24.5	99	98	Abtrust High Inc C	98		-	-	-	-
-	F.P.	2.13	10	9	†Arlon Props	9		v-	-	-	-
306	F.P.	48.3	303	285	BZW Eqs Bermuda	297	-3	v-	-	-	-
-	F.P.	61.8	103	101	Benfield & Rea	103		-	-	-	-
290	F.P.	217.7	347	298	CMG	341	-5	Rv4.8	1.2	1.8	17.7
-	F.P.	27.0	29	26	Cash Converters	27	-1	Mv2.6	5.1	12.0	20.2
-	F.P.	5.58	19	19	†Celebrated Grp	18		-	-	-	-
150	F.P.	72.8	160	150	Cortworth	152		Rv5.8	2.1	4.8	12.5
-	F.P.	54.1	110	108	Cox Insurance	110		-	-	-	-
-	F.P.	13.2	448	448	East Surrey NV	448		-	-	-	-
100	F.P.	50.0	100	98	Finsbury Tech	100		-	-	-	-
-	F.P.	5.25	230	178	†Flomerics	205		v-	-	-	18.6
-	F.P.	15.8	146	125	Gardner (L)	141		-	-	-	-
-	F.P.	3.97	116	88	Jasmin	95		-	-	-	-
-	F.P.	2.00	80	70	London Town	80		-	-	-	-
-	F.P.	32.6	96	93½	Martin Currie Jp	96	+2	-	-	-	-
-	F.P.	2.18	33	29	Do Warrants	32	+1	-	-	-	-
-	F.P.	49.1	127	58	†Megalomedia	114	+20	-	-	-	-
200	F.P.	80.4	260	200	Peptide Th'peutics	237	-3	-	-	-	-
-	F.P.	86.2	358	345	†Pet City	355		-	-	-	-
-	F.P.	1.07	105	100	†Revelation P'dilly	100		-	-	-	-
-	F.P.	185.8	45	36	†Trocadero	44	-1	-	-	-	-
-	F.P.	164.2	280	263	Vero Group	271	+8	RWv5.1	1.8	2.4	29.9
-	F.P.	43.6	62	55	Wilmington	61		v-	-	-	28.6

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Dec 6	% chg on day	Dec 5	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	1959.54	+1.9	1923.14	1826.45	1.81	-	2863.66	1837.91
■ Regional Indices								
Africa (16)	2487.58	+2.9	2416.41	2900.59	4.00	22.25	3191.21	2272.74
Australasia (6)	2393.16	+1.0	2368.96	2390.92	2.06	37.32	2607.57	1798.20
North America (12)	1753.54	+1.6	1725.89	1428.86	0.77	50.39	1831.00	1348.18

Copyright, The Financial Times Limited 1995. "FT Gold Mines Index" is a trademark of The Financial Times Limited. Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FT-SE Actuaries Share Indices — The UK Series

	Dec 7	Day's chge%	Dec 6	Dec 5	Dec 4	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3639.5	-0.6	3662.8	3664.2	3669.7	3013.8	3.95	2.09	15.15	136.05	1447.93
FT-SE Mid 250	3953.9	-0.2	3959.9	3969.3	3969.1	3427.9	3.50	1.65	19.31	139.17	1547.08
FT-SE Mid 250 ex Inv Trusts	3965.8	-0.2	3973.1	3983.2	3986.5	3425.0	3.64	1.91	17.97	146.19	1552.22
FT-SE-A 350	1804.7	-0.5	1814.3	1815.8	1817.9	1509.8	3.85	2.04	15.89	66.57	1468.06
FT-SE-A 350 Higher Yield	1800.7	-0.5	1809.0	1809.8	1812.6	1520.6	4.86	1.84	13.96	81.47	1214.53
FT-SE-A 350 Lower Yield	1813.4	-0.6	1824.4	1826.7	1827.9	1480.7	2.81	2.40	18.54	50.44	1232.62
FT-SE SmallCap	1940.28	-0.5	1950.89	1954.21	1954.26	1749.61	3.32	1.69	22.22	59.25	1566.32
FT-SE SmallCap ex Inv Trusts	1916.87	-0.7	1929.60	1933.57	1934.57	1718.08	3.55	1.77	19.89	62.12	1555.65
FT-SE-A ALL-SHARE	1778.74	-0.5	1788.24	1789.84	1791.78	1496.39	3.81	2.02	16.23	64.77	1470.59

■ FT-SE Actuaries All-Share

	Dec 7	Day's chge%	Dec 6	Dec 5	Dec 4	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	3179.38	+0.4	3165.87	3142.49	3183.22	2616.95	3.66	2.02	16.81	116.67	1337.89
12 Extractive Industries(7)	4236.21	-0.8	4270.17	4282.49	4288.20	3763.84	3.50	2.51	14.27	143.77	1214.62
15 Oil, Integrated(3)	3220.11	+0.8	3195.57	3162.74	3218.23	2578.72	3.82	1.96	16.72	123.19	1389.09
16 Oil Exploration & Prod(13)	1971.99	-0.5	1982.49	1984.26	1962.79	1826.74	2.55	1.49	32.83	49.88	1170.50
20 GEN INDUSTRIALS(277)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 Building & Construction(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Building Matls & Merchs(31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Chemicals(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Diversified Industrials(20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Electronic & Elect Equip(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Engineering(68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Engineering, Vehicles(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28 Paper, Pckg & Printing(27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Textiles & Apparel(21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 CONSUMER GOODS(95)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Breweries(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Spirits, Wines & Ciders(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Food Producers(24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Household Goods(11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Health Care(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Pharmaceuticals(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 SERVICES(227)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Leisure & Hotels(30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Media(43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Retailers, Food(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Retailers, General(44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Support Services(37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Transport(20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Other Services & Business(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 UTILITIES(35)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Electricity(15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Gas Distribution(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(651)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(113)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
72 Banks, Merchant(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(133)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FT-SE-A ALL-SHARE(897)	1778.74	-0.5	1788.24	1789.84	1791.78	1496.39	3.81	2.02	16.23	64.77	1470.58
FT-SE-A Fledgling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Time of FT-SE 100 Day's high: [illegible] Day's low: [illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pharmaceuticals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks, Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	[illegible]	[illegible]	[illegible]
ASDA Group†	[illegible]	[illegible]	[illegible]
Abbey National†	[illegible]	[illegible]	[illegible]
Albert Fisher	[illegible]	[illegible]	[illegible]
Allied Domecq†	[illegible]	[illegible]	[illegible]
Anglian Water	[illegible]	[illegible]	[illegible]
Argos	[illegible]	[illegible]	[illegible]
Argyll Group†	[illegible]	[illegible]	[illegible]
Arjo Wiggins†	[illegible]	[illegible]	[illegible]
Assoc. Brit. Foods†	[illegible]	[illegible]	[illegible]
Assoc. Brit. Ports	[illegible]	[illegible]	[illegible]
BAA†	[illegible]	[illegible]	[illegible]
BAT Inds†	[illegible]	[illegible]	[illegible]
BET	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]
BOC†	[illegible]	[illegible]	[illegible]
BP†	[illegible]	[illegible]	[illegible]
BPB Inds	[illegible]	[illegible]	[illegible]
BSkyB†	[illegible]	[illegible]	[illegible]
BT†	[illegible]	[illegible]	[illegible]
BTR†	[illegible]	[illegible]	[illegible]
Bank of Scotland†	[illegible]	[illegible]	[illegible]
Barclays†	[illegible]	[illegible]	[illegible]
Bass†	[illegible]	[illegible]	[illegible]
Blue Circle†	[illegible]	[illegible]	[illegible]
Booker	[illegible]	[illegible]	[illegible]
Boots†	[illegible]	[illegible]	[illegible]
Britannic	[illegible]	[illegible]	[illegible]
Brit. Aerospace†	[illegible]	[illegible]	[illegible]
British Airways†	[illegible]	[illegible]	[illegible]
British Gas†	[illegible]	[illegible]	[illegible]
British Land	[illegible]	[illegible]	[illegible]
British Steel†	[illegible]	[illegible]	[illegible]
Bunzl	[illegible]	[illegible]	[illegible]
Burmah Castrol†	[illegible]	[illegible]	[illegible]
Burton	[illegible]	[illegible]	[illegible]
Cable & Wire†	[illegible]	[illegible]	[illegible]
Cadbury Schweppes†	[illegible]	[illegible]	[illegible]
Caradon	[illegible]	[illegible]	[illegible]
Carlton Comms.†	[illegible]	[illegible]	[illegible]
Coats Viyella	[illegible]	[illegible]	[illegible]
Comm. Union†	[illegible]	[illegible]	[illegible]
Compass	[illegible]	[illegible]	[illegible]
Cookson†	[illegible]	[illegible]	[illegible]
Courtaulds†	[illegible]	[illegible]	[illegible]
Dalgety	[illegible]	[illegible]	[illegible]
De La Rue†	[illegible]	[illegible]	[illegible]
Dixons	[illegible]	[illegible]	[illegible]
East Midland Elec.	[illegible]	[illegible]	[illegible]
Electrocomponents	[illegible]	[illegible]	[illegible]
Eng China Clays	[illegible]	[illegible]	[illegible]
Enterprise Oil†	[illegible]	[illegible]	[illegible]
Eurotunnel Units	[illegible]	[illegible]	[illegible]
FKI	[illegible]	[illegible]	[illegible]
Foreign & Col. IT	[illegible]	[illegible]	[illegible]
Forte†	[illegible]	[illegible]	[illegible]
Gen. Accident†	[illegible]	[illegible]	[illegible]
General Elect.†	[illegible]	[illegible]	[illegible]
Glaxo Wellcome†	[illegible]	[illegible]	[illegible]
Glynwed	[illegible]	[illegible]	[illegible]
Granada†	[illegible]	[illegible]	[illegible]
Grand Met.†	[illegible]	[illegible]	[illegible]
GUS†	[illegible]	[illegible]	[illegible]
Greenalls	[illegible]	[illegible]	[illegible]
GRE	[illegible]	[illegible]	[illegible]
GKN†	[illegible]	[illegible]	[illegible]
Guinness†	[illegible]	[illegible]	[illegible]
HSBC (75p shares)†	[illegible]	[illegible]	[illegible]
Hammerson	[illegible]	[illegible]	[illegible]
Hanson†	[illegible]	[illegible]	[illegible]
Harrisons Crosfield	[illegible]	[illegible]	[illegible]
Hays	[illegible]	[illegible]	[illegible]
Hillsdown	[illegible]	[illegible]	[illegible]
IMI	[illegible]	[illegible]	[illegible]
ICI†	[illegible]	[illegible]	[illegible]
Inchcape†	[illegible]	[illegible]	[illegible]
Johnson Matthey	[illegible]	[illegible]	[illegible]
Kingfisher†	[illegible]	[illegible]	[illegible]
Kwik Save	[illegible]	[illegible]	[illegible]
Ladbroke†	[illegible]	[illegible]	[illegible]
Land Securities†	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 7 / Sch)

BELGIUM/LUXEMBOURG (Dec 7 / Frs.)

CZECH REP (Dec 7 / Korona)

DENMARK (Dec 7 / Kr)

FINLAND (Dec 7 / Mka)

FRANCE (Dec 7 / Frs.)

GERMANY (Dec 7 / Dm.)

IRELAND (Dec 7 / Punts)

ITALY (Dec 7 / Lire)

NETHERLANDS (Dec 7 / Fls.)

NORWAY (Dec 7 / Kroner)

POLAND (Dec 7 / Zloty)

PORTUGAL (Dec 7 / Escudo)

SPAIN (Dec 7 / Pts.)

SWEDEN (Dec 7 / Kronor)

SWITZERLAND (Dec 7 / Frs.)

TURKEY (Dec 7 / Tk Lira)

PACIFIC

JAPAN (Dec 7 / Yen)

AUSTRALIA (Dec 7 / Aust$)

HONG KONG (Dec 7 / HK $)

INDONESIA (Dec 7 / Rupiah)

MALAYSIA (Dec 7 / MYR)

NEW ZEALAND (Dec 7 / NZ $)

SINGAPORE (Dec 7 / S$)

SOUTH KOREA (Dec 7 / Won)

TAIWAN (Dec 7 / TW $)

THAILAND (Dec 7 / Baht)

AFRICA

SOUTH AFRICA (Dec 7 / Rand)

NORTH AMERICA

CANADA

TORONTO (Dec 7 / Can $)
4 pm close

MONTREAL (Dec 7 / Can $)
4 pm close

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

FT FREE ANNUAL REPORTS SERVICE
You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT3000. Ring 0181 770 0770 open 24 hours including weekends or fax 0181 770 3822. If calling from outside the UK, dial +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent on the next working day subject to availability.

INDICES

	Dec 7	Dec 6	Dec 5	1995 High		1995 Low	
Hong Kong							
Hang Seng(31/7/64)	9863.96	9898.89	9975.37	10032.83	17/10	6967.93	23/1
India							
BSE Sens(1979)	3132.19	3069.92	3007.24	3882.89	3/1	2922.16	29/11
Indonesia							
Jakarta Comp.(10/8/82)	502.82	496.23	496.78	519.16	11/8	414.21	15/4
Ireland							
ISEQ Overall(4/1/88)	2260.71	2253.08	2240.54	2260.71	7/12	1813.59	23/1
Italy							
Banca Comm Ital (1972)	558.21	553.31	547.79	698.54	10/2	547.79	5/12
MIB General (2/1/95)	883.0	874.0	865.0	1076.00	10/2	865.00	5/12
Japan							
Nikkei 225 (16/5/49)	19412.32	19067.86	18879.33	19684.04	4/1	14485.41	3/7
Nikkei 300 (1/10/82)	289.22	283.60	282.35	289.22	7/12	222.26	13/6
Taiwan							
Weighted Pr.(30/6/66)**	4749.84	4722.93	4772.97	7051.49	5/1	4503.37	14/8
Thailand							
Bangkok SET (30/4/75)	1269.66	1275.83	(c)	1472.04	10/7	1135.86	18/3
Turkey							
Istanbul Cap.(Jan 1986)	41355.9	40863.0	41664.2	54653.90	21/4	26644.31	23/1
WORLD							
MS Capital Int (1/1/70)	728.4*	727.5	725.1	728.40	7/12	586.21	23/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1482.47	1484.49	1482.97	1488.69	15/9	1222.41	13/3
Euro Top-100 (26/6/90)	1312.35	1315.95	1311.82	1316.88	15/9	1117.34	9/3
JCapCurps (31/12/89)	(u)	336.69	337.0	349.47	14/7	282.67	23/1
Barings Emerg.(7/1/92)	(u)	144.98	144.85	159.07	2/1	117.76	10/3

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x index)							
Dec	1836.0	1856.5	+9.5	1859.0	1825.5	22,094	42,654
Jan	1845.5	1865.0	+9.5	1864.5	1838.5	489	3,588
DAX							
Dec	2281.5	2264.5	−12.0	2282.5	2265.5	20,754	–
Mar	2303.5	2286.0	−12.5	2303.5	2277.5	3,489	–
OMX							
Dec	1378.00	1369.00	−9.00	1382.00	1367.00	2,318	14,348
Jan	–	1385.25	–	–	–	–	488
SOFFEX							
Dec	3288.0	3243.0	−39.0	3287.5	3233.0	6,204	13,470
Jan	3288.0	3250.0	−46.0	3288.0	3244.0	674	1,994

** Sat Dec 2 : Taiwan Weighted Price (c) ; Korea Comp Ex 931.23. Base values of all indices are 100 except Australia All Ordinary and Metals – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Mining – 1000; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp.; NYSE All Common – 50 and Standard and Poor's – 10. $$ Montreal and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. Montreal. ♣ Toronto: (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Dec 7 - 2280.02 -14.32.

US INDICES

Dow Jones	Dec 6	Dec 5	Dec 4	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	5199.13	5177.45	5139.52	5199.13 (6/12)	3832.08 (30/1)	5199.13 (6/12/95)	41.22 (2/7/32)
Home Bonds	105.14	105.20	104.95	105.20 (5/12)	93.63 (3/1)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2085.51	2082.11	2068.26	2082.11 (5/12)	1473.19 (3/1)	2082.11 (5/12/95)	12.32 (8/7/32)
Utilities	221.13	220.14	218.10	221.33 (6/12)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 5234.53 (5216.83) Low 5147.47 (5108.45) (Theoretical♣)
Day's high 5209.25 (5191.54) Low 5168.76 (5134.82) (Actual♣)

Standard and Poors	Dec 6	Dec 5	Dec 4	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	620.18	617.68	613.68	620.18 (6/12)	459.11 (3/1)	620.18 (6/12/95)	4.40 (1/6/32)
Industrials♥	727.80	724.95	719.35	727.80 (6/12)	546.76 (3/1)	727.80 (6/12/95)	3.62 (21/6/32)
Financial	63.66	63.21	63.02	63.66 (6/12)	41.64 (3/1)	63.66 (6/12/95)	8.64 (1/10/74)
NYSE Comp.	330.63	328.79	327.60	330.63 (6/12)	250.73 (3/1)	330.63 (6/12/95)	4.46 (25/4/42)
Amex Mkt Val	537.50	538.41	538.33	553.58 (12/9)	433.12 (6/1)	553.58 (12/9/95)	29.31 (9/12/72)
NASDAQ Cmp	1081.73	1065.88	1069.79	1069.79 (4/12)	743.58 (3/1)	1069.79 (4/12/95)	54.87 (31/10/72)

■ RATIOS

	Dec 1	Nov 24	Nov 17	Year ago
Dow Jones Ind. Div. Yield	2.30	2.32	2.35	2.84
	Nov 29	Nov 22	Nov 15	Year ago
S & P Ind. Div. yield	2.00	2.01	2.03	2.46
S & P Ind. P/E ratio	18.64	18.36	18.37	16.42

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Hanson	8,985,100	14⅛	—
Micron Tech	6,263,900	51⅝	+⅞
LSI Logic	6,210,600	37⅜	-3⅞
K-Mart	5,891,300	7⅝	-⅛
Motorola	4,398,600	60⅞	-⅜
Telefonos	3,987,200	32	+⅛
Texas Insts	3,527,400	54¼	+⅜
Airtouch	3,312,300	27⅝	-⅜
Cypress Semi	3,269,300	14⅝	-½
IBM	3,020,600	95⅜	-⅜

■ TRADING ACTIVITY

● Volume (million)

	Dec 6	Dec 5	Dec 4
New York SE	420.842	434.000	392.668
Amex	24.271	25.567	22.291
NASDAQ	580.541	579.120	514.884
NYSE			
Issues Traded	3,106	3,106	3,108
Rises	1,259	1,399	1,670
Falls	1,080	961	783
Unchanged	759	746	655
New Highs	327	346	357
New Lows	23	21	21

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Dec	618.00	618.10	−1.70	619.80	618.10	100,926	145,164
Mar	624.80	624.00	−1.50	625.60	623.75	27,267	82,809

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
■ Nikkei 225							
Dec	19150.0	19440.0	+410.0	19490.0	19110.0	14,097	96,514
Mar	19200.0	19480.0	+400.0	19510.0	19150.0	35,157	122,738

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, December 7, 1995

	Stocks Traded	Closing Prices	Change on day
Toshiba Corp	38.8m	804	+23
Mitsubishi Heavy	32.3m	853	+28
Nippon Steel Corp	23.6m	365	+9
Toyota Motor Co	22.2m	2040	+10
NKK Corp	12.1m	288	+8
Oki Electric Ind	11.8m	975	-5
NEC Corp	9.5m	1360	+20
Nissho Iwai	8.5m	565	+15
Hitachi	8.1m	1060	+20
Japan Energy	7.4m	344	+14

4 pm close December 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
19	12⅛	AAR	0.48	2.6	25	220	18⅝	18⅛	18⅝	
46¼	35	AMP	0.92	2.3	21	4087	41¼	40⅝	40⅞	-⅛
80¼	53⅞	AMR			17	5082	78	76	76⅞	-1⅝
47⅞	36⅞	ASA	1.71	4.3	28	593	39⅞	39½	39½	-¼
44⅞	30¾	AbbotL	0.84	2.0	19	20895	42½	41	41⅛	-⅝
18⅞	12	Abitibi Pr x	0.40	2.6	8	1336	15¾	15½	15⅝	-⅛
28½	21	ABM Ind	0.60	2.2	15	79	28	27¾	27⅞	-⅛
17½	13⅛	Acptncein			10	294	14⅞	14⅝	14¾	
39½	21⅞	ACE Ltd	0.56	1.4	9	1028	u40	38¾	39¼	+⅞
9⅞	8⅛	ACM Gvt In x	0.90	9.4	8	235	9⅝	9½	9⅝	
7¾	6½	ACM GvOpp x	0.66	9.1		195	7⅜	7¼	7¼	-⅛
7½	5¾	ACM Gvt Sp x	0.75	10.9		173	6⅞	6⅞	6⅞	-⅛
8¾	7¼	ACM Gvt Se x	0.90	10.6		358	8⅝	8½	8½	-⅛
9½	7⅝	ACM Man x	0.90	10.3		133	8⅞	8¾	8¾	
29¼	10¼	AcmeCiv	0.48	2.2	38	89	22	21¾	21¾	-¼
38¾	7⅜	Acme Elect			68	104	8¼	8¼	8¼	-⅛
34½	23¾	Acordia x	0.72	2.5	15	28	28½	28⅜	28½	+⅜
16¾	10⅛	Acuson			35	592	11⅝	11⅜	11½	
19⅝	15⅝	Adams Expr	0.48	2.6	0	134	18½	18⅜	18½	
38⅞	2⅞	AdvMic			6	8868	20¼	19⅝	19⅝	-⅜
9¾	5	Advest Grp	0.16	1.8	12	46	9⅛	9	9⅛	-⅛
27½	16½	Advo Inc	0.10	0.4	20	766	27⅛	26¾	27	
42⅞	24.90	Aegon	1.28	3.1	15	606	41⅝	41¼	41⅜	+⅛
5⅞	3⅜	Aerflx			7	331	4¼	4⅛	4⅛	-¼
76¾	45¾	AetnaL	2.76	3.8	34	4356	72⅛	71½	71⅞	-⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

هكذا من الأصل

4 pm close December 7

NYSE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
37⅞	30½	SFePPipe	3.00	8.5	11	779	35½	35	35⅜	+¼
33½	24¼	SaraLee x	0.68	2.0	20	7536	u33⅞	33¼	33½	+⅜
57¼	39⅝	SBC Co	1.65	3.0	18	5804	55¾	55¼	55⅝	+¼
27	20½	Scana Corp	1.44	5.5	16	455	26⅛	26⅛	26¼	
18	14½	Scecrp	1.00	6.3	9	7758	15⅞	15¾	15⅞	-⅛
11¾	6⅛	SchwnkA	0.26	4.0	16	90	6¾	6½	6½	-⅛
50¼	37¼	SchergP			23	1406	44⅛	43⅝	44	-¼
60¾	35½	SchrPl	1.16	1.9	22	8094	60⅝	59¾	60¼	-⅜
69⅝	50⅛	Schlmb x	1.50	2.2	25	6305	68⅞	67⅞	68⅛	-½
29	17¾	Schwab(C)	0.16	0.7	24	1983	22⅞	22⅜	22⅝	-⅜
24⅞	11⅞	SciAtl x	0.06	0.4	22	3322	16⅝	15⅞	16	-⅞
20	15⅛	Scitexn	0.10	0.6	10	264	16⅝	16½	16⅝	
58⅞	33½	ScotP	0.40	0.7	17	11573	u60⅝	57⅞	60½	+2⅞
40⅝	26⅞	Scripps	0.52	1.3	27	898	40⅛	39⅞	39⅞	+⅛
21½	13⅞	ScudderAgF	0.02	0.1		419	15	14¾	14⅞	
11⅞	8⅝	ScudderEaF x	0.15	1.4		361	11¾	11⅝	11⅝	+⅛
20	13⅞	SeaCnt	0.78	4.6	1	82	17⅞	17¾	17½	-⅛
16¾	14⅝	SeaC1.4625 x	1.46	9.3		3	15¾	15⅝	15¾	+¼
54	22⅝	S'gate			11	21408	u54	51⅞	53⅞	+2
39½	25⅞	Seagrm	0.60	1.7	24	2790	36	35½	35⅞	-⅝
22½	15¼	Seagull En			64	324	18⅝	18¼	18⅜	-⅛
30¾	18	Sealed Air			25	313	30⅞	30¼	30¾	-⅛
40⅝	30⅞	SearsR x	0.92	2.3	10	10352	39⅝	39¼	39½	+½
20¾	16⅞	SecCap	1.15	5.7	23	564	u20¾	19⅞	20⅛	+⅛
12½	10⅞	Seligm Sel	0.84	6.7		153	u12⅞	12½	12⅝	+¼
38¾	19⅞	Sensormat	0.22	1.1	18	5807	20½	d19⅞	19⅞	-⅞
32½	21⅞	SequaA	0.60	2.1	13	110	29¾	29⅛	29¾	
39⅛	23	SequaB	0.90	1.3	21	46	u39½	39⅛	39½	+⅛
43⅞	28¾	ServCp	0.44	1.1	24	3544	41⅛	40¾	41⅛	
30⅞	21½	SvMstr	0.96	3.2	14	520	30⅛	29¾	30	
7⅞	4⅛	ServMerch			10	2994	6⅛	5⅞	6	
57½	22½	SGSThm			42	882	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

- Y -

[illegible]

- W -

[illegible]

- U -

[illegible]

- X - Y - Z -

[illegible]

- T -

[illegible]

NASDAQ NATIONAL MARKET

4 pm close December 7

- A -

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

AMEX COMPOSITE PRICES

4 pm close December 7

[illegible]

AMERICA

Technology sector falls on downgrade

Wall Street

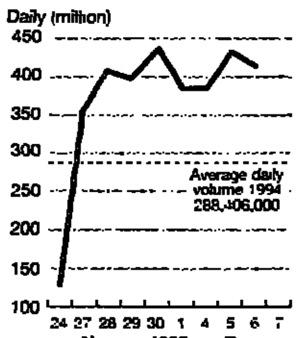
US share prices tumbled in early trading yesterday on weak economic data and a slipping bond market, *writes Lisa Bransten in New York.*

At 1 pm the Dow Jones Industrial Average was 39.02 lower at 5,160.11 after closing on Wednesday less than a point from the 5,200 mark.

The Standard & Poor's 500 fell 4.02 at 616.16, and the American Stock Exchange composite fell 3.56 at 534.03. Volume on the NYSE came to 248m shares.

In early afternoon trading the long bond was off nearly half a point with the yield, which moves in the opposite direction, backing up to 6.053 after dipping below 6 per cent in the three previous sessions.

NYSE volume



Technology shares were sharply lower despite much attention paid to Microsoft, which presented its internet strategy. The Nasdaq composite, which is weighted toward the technology sector, shed 11.95 at 1,049.78, wiping out the gains made in the early part of this week. The Pacific Stock Exchange technology index shed 1 per cent.

Microsoft, the largest company on the Nasdaq, was $1⅛ lower at $89¾. Broderbund Software lost $2¼ at $56¾ and Adobe Systems shed $1⅛ at $69⅛.

Shares in internet-related companies were sharply lower after an analyst at Smith Barney started coverage of Netscape Communications with a "sell" rating, while ranking others such as Spyglass, Netcomm On-Line Communication Services and UUNet "underperform".

Adding to pressure on these shares was publicity about the competition they were likely to face from Microsoft and profit taking after a stunning recent run. Netscape, which jumped $21 on Tuesday, gave back $18 early yesterday bringing the share price to $143¾. Spyglass lost $9¾ at $100¼, UUNet fell $7 5/16 at $59 1/16 and Netcomm lost $5 at $58½. Meanwhile, Sun Micro systems, which develops a graphical programming language for the internet, added $2¾ at $92½.

Elsewhere, ValueJet Airlines shed $2½ or 11 per cent at $21¾ after Delta Air Lines, its most direct competitor, reached a tentative agreement with its pilots union. Delta shares were $½ lower at $78⅝.

Chrysler was the only one of the three car makers to rise yesterday, after announcing it would increase its dividend 10 cents to 60 cents. Its shares were $⅛ stronger at $52⅛, while General Motors lost $⅞ at $50 and Ford gave up $¼ at $28⅝ amid general weakness in cyclical shares.

Canada

Toronto paused after this week's succession of record highs and the TSE-300 Composite index was 12.10 easier by noon at 4,733.11 in volume of 38.2m shares.

Canadian Imperial Bank of Commerce rose C$½ to C$40 as it reported its strongest year ever. Fourth quarter earnings rose to C$1.26 per share from a year earlier 93 cents. Methanex was C$⅛ higher at C$11⅛ in further heavy trading as investors positioned themselves ahead of the December 29 expiry date for its receipts. High technology stocks were among the losers, with iStar Internet losing C$1⅝ to C$14½.

Mexico City weakens

Mexico City slid in early trade alongside profit-taking on Wall Street. The IPC index was down 28.64 or 1 per cent to 2,652.03 in volume of just 1.3m shares.

Dealers said investors were keeping a wary eye on Wall Street to see if the US market would recede further after a series of record highs.

SAO PAULO was pressured by speculative activity ahead of mid-December futures and options settlements. The Bovespa index was off 232.05 at 42,804 by mid-afternoon. BUENOS AIRES saw continued profit-taking from Wednesday, with major issues losing ground. The Merval index eased 8.58 or 1.9 per cent to 460.80 as many investors cashed in on gains of up to 20 per cent which had been made since late November.

Johannesburg breaks record

Industrials continued to move smartly ahead, ending at a third consecutive record, as a stronger Wall Street close on Wednesday sent brokers hunting for stock.

Dealers said the bullish sentiment had helped support the gold market, with issues in this sector edging higher on a sustained metal price.

A shortage of stock had helped to push prices forward and the stock exchange authorities said the market capitalisation of companies listed on the exchange rose above R1,000bn for the first time ever on Wednesday.

The overall index shot ahead 92.2 to an all-time peak of 6,240. Industrials climbed 123.6 to 7,939.3 and the golds index edged up 3.9 to 1,354.

Synthetic fuel producer Sasol surged R2.50 or 9.2 per cent to R29.75 on clarification of planned future government support.

Among other strong risers, Anglos moved ahead R4 to R229 and De Beers was R3.25 higher at R112. Vaal Reefs advanced R5 to R260, Gold Fields R7 to R117 and Anglo American Gold R11 to R306.

EUROPE

Paris makes progress after symbolic rate cut

The decision by the Bank of France to cut its intervention rate by a symbolic 10 basis points to 4.70 per cent caught **PARIS** off guard; but some strategists said that the cut was probably too small to be of any lasting significance. The 5 to 10-day rate remained unaltered at 6.1 per cent.

A day before the rate cut was announced, Merrill Lynch, in an investment strategy statement, argued that the "country's willingness to drink a lethal cocktail of high real interest rates and weak activity seems to be close to unravelling".

The unions continued to put pressure on the government in protest at reform of the welfare system, with teachers and civil servants joining protestors.

The CAC-40 index rose 12.05 to 1,846.80, reversing a decline in the morning as hopes were raised by the bank's move. Turnover came to FFr4.3bn.

FRANKFURT fell slightly as support began to evaporate on dollar weakness. The Dax index lost 4.07 to 2,263.11 and the Ibis extended the decline to 2,260.62. Turnover amounted to DM6.6bn.

Schering extended losses, which began earlier in the week on news that a rival company's multiple sclerosis treatment had been recommended for approval in the US. The shares fell DM1.70 to DM96.40, before edging up to DM96.70 in the Ibis.

Restating a hold recommendation on the stock, James Capel said yesterday that, in spite of the Biogen approval, it believed the US sales of Schering's Betaseron had, in any case, reached a peak.

"We have reduced our earnings per share forecasts due to a re-evaluation of the US and European multiple sclerosis markets, and are now looking for eps of DM5.5 (against DM5.6) for 1996, and DM6.5 (DM6.7) for 1997." Capel concluded that the management record of the company "inspired little confidence, the shares are fairly valued and takeover speculation will inevitably increase".

Merck fell 32 pfgs to DM61.33 after announcing that net profits in the first nine months rose by 29 per cent.

ZURICH succumbed to a technical correction after sharp rises that had taken the market to a succession of all-time highs in recent days. The SMI index retreated 35.8 to 3,245.7.

Ciba registered shares fell SFr24 to SFr994, extending Wednesday's losses that followed news that the company had halted enrolments of patients for phase 3 trials of its Selfotel drug for the treatment of stroke and severe head trauma.

FT-SE Actuaries Share Indices

Dec 7								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1465.57	1465.68	1464.35	1461.64	1463.90	1461.58	1462.15	1462.47
FT-SE Eurotrack 200	1571.45	1571.91	1571.48	1567.88	1568.97	1568.87	1568.46	1565.72

	Dec 6	Dec 5	Dec 4	Dec 1	Nov 30
FT-SE Eurotrack 100	1464.49	1452.97	1448.02	1457.96	1454.02
FT-SE Eurotrack 200	1568.69	1560.55	1557.68	1564.66	1562.19

Base 1000 (26/10/90); High/day: 100 - 1465.92; 200 - 1572.42 Low/day: 100 - 1460.33 200 - 1565.14 † Partial

Elektrowatt, the power generation and engineering group, was trading SFr5 lower at SFr353 and Landis & Gyr, the electrical technology company, was SFr8 higher at SFr730, when both shares were suspended at the companies' request. Subsequently, Elektrowatt's launched an unexpected SFr950 a share offer for Landis. The latter's shares have sharply underperformed the market this year.

CS Holding eased SFr2 to SFr113. After the close the bank said it planned co-operation in the form of joint ventures with Winterthur, but there were no plans for any capital links. Winterthur fell SFr20 to SFr803.

AMSTERDAM was unable to continue its record run as selling pressure dragged down a number of major issues. The AEX index slid 4.95 or 1 per cent to 477.03, but off a session low of 475.94.

Elsevier was one of the worst performers, down 90 cents or 4 per cent to Fl 21.40 after the company said in New York that its second half pre-tax profits were likely to be similar to those recorded in the first half. Dealers said that most of the selling emanated from the US.

Philips, off Fl 1.70 at Fl 61.80, said that it had no comment to make on a $3bn law suit in the US from the founder of the Super Club video rental company, which the Dutch group acquired in 1992.

Other losers included Unilever down Fl 3.10 at Fl 222.40, while Royal Dutch provided some sort of an anchor, rising Fl 1.70 to Fl 213.20.

MILAN was higher but in volume constrained by a half day banking holiday in the city and today's national holiday. The Comit index picked up 5.90 to 559.21, while the real-time Mibtel index rose 67 to 8,957.

Olivetti ended L110 higher at L1,198, in huge volume of 140m shares, on the last day of trading in its rights.

Ferruzzi picked up L19 at L1,015, in spite of news that Mediobanca had appealed against the market regulator's call for it to launch a bid for 9.95 per cent of Ferruzzi. Mediobanca rose L50 to L10,509.

Fiat continued Wednesday's rally, picking up L76 to L4,964 in spite of news that Turin's public prosecutor wanted the managing director, Mr Cesare Romiti, to be sent for trial for allegedly dressing up company accounts to conceal a large overseas slush fund.

Stet rose L89 to L4,285 after forecasting a 1995 profit of L2,300bn, more than double the 1994 level. Eni, the newly listed energy company put in another uncertain performance, losing L15 to L5,107.

COPENHAGEN remained confident as the market hit another high for the year. The KFX index closed with a gain of 0.70 to 106.18, with turnover at DKr923m.

Banks were particularly well supported with Den Danske and Unibank both climbing DKr7 to DKr395 and DKr287 respectively. Sophus Berendsen made DKr8 to DKr615, helped by good earnings forecasts from its UK subsidiary, Rentokil.

MADRID took its lead from Wall Street and shares ended lower in a quiet session sandwiched between two public holidays. The General index fell 0.88 to 313.17 with Telefónica dropping Pta20 to Pta1,670.

ISTANBUL saw selective gains as the market gave its attention to textile and export-oriented companies ahead of the country's expected approval to join the EU customs union.

The composite index added 493.85 or 1.2 per cent at 41,356.93, after moving between 40,629 and 41,636. Turnover leapt to TL11,090bn from TL8,570bn.

The customs union pact is due to be formally approved by the European Parliament next week, and the textile sector is expected to reap the most benefit.

Written and edited by Michael Morgan and John Pitt

ASIA PACIFIC

Strong demand takes Nikkei to 47-week closing high

Tokyo

Strong demand for Toshiba, Mitsubishi Heavy Industries and Sony led to buying in the broader market which took the Nikkei average up to a 47-week closing high, *agencies report from Tokyo.*

Brokers said the mood was brightened by another record close on Wall Street and the stability of the dollar against the yen.

The Nikkei 225-share average climbed 344.46 or 1.8 per cent to 19,412.32, its highest finish since January. There were 869 advancing issues, while 226 stocks declined and 129 were unchanged.

Brokers said a buying spree in shares of companies such as Toshiba and Sony led the market up. Arbitrage-linked buying, after domestic institutional investors purchased futures contracts, also helped.

In London the ISE/Nikkei 50 index put on 2.95 at 1,336.94.

As well as firmness on Wall Street, where the Dow Jones Industrial Average posted another record high, and the dollar finding a firmer footing against the yen, some brokers cited prospects for domestic economic growth as another positive factor.

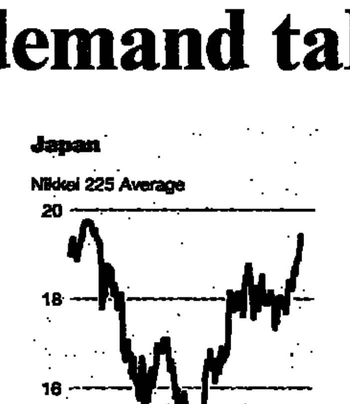
However, there were warnings that the uptrend might not last much longer. Mr David Pike, a senior analyst at BZW in Tokyo, warned that, even though the Nikkei could go through the 1995 closing high of 19,684.04 set on January 4, the momentum might not last.

Mr Tim Hayashida, a strategist at Merrill Lynch in Tokyo, was more bullish, saying the market was already looking beyond the bad debt problems that had plagued the country's financial institutions.

He also said that foreign investors had room to add to their Japanese stock holdings as they were underweight in Japanese assets at the end of the third quarter.

Toshiba, the most active issue, rose Y23 to Y804, helped by recent market interest in digital video discs due to go on sale next year. Reports have said that Toshiba and other big electronics companies were likely to reach final agreement on a single technical standard for the discs this month.

Japan



Source: FT Extel

Mitsubishi Heavy, the second most actively traded stock, climbed Y28 to Y853, while Sony jumped Y190 to Y5,810.

The brokerage sector was the biggest gainer of the day, moving ahead 4 per cent as a group. Nomura Securities gained Y60 at Y2,140.

Brokers said rumours that consumer spending would improve boosted appliance maker Matsushita Electric Industries by Y40 to Y1,600.

Roundup

A 1.4 per cent fall was seen in **MANILA** as short-term investors cashed in recent gains and long-term players remained absent. The composite index lost 34.98 or 1.4 per cent at 2,537.18. Brokers said the correction was long overdue, after a rally over the last 2½ weeks.

HONG KONG pared most of its sharp, early losses to close slightly weaker, in spite of speculation that Japanese investors planned a placement of 10m to 15m HSBC shares.

The Hang Seng index rallied from a day's low of 9,771.44 to end 34.91 off at 9,863.96 in turnover increased to HK$5.8bn from Wednesday's HK$4bn.

The HSBC placement talk came after Henderson Land's HK$2.2bn placement. HSBC finished 50 cents easier at HK$115.50 and Henderson Land lost a further 70 cents to HK$46.10. The latter confirmed after Wednesday's close that it had made a private placement of 48.3m shares at HK$45.60 each.

SINGAPORE featured an 80-cent rise to S$13.10 in Malaysia's Genting as it resumed trading after suspension. Dealers said some speculators had sold the stock short ahead of suspension in October and now found it difficult to cover.

After a day of otherwise quiet trading, the Straights Times Industrial index was up 2.09 at 2,156.52.

KUALA LUMPUR was content to consolidate after rising by 8 per cent over the previous eight sessions. The composite index gave up 9.76 to 986.00.

SEOUL finished higher after a power failure which interrupted the session, as strong demand for Samsung Electronics led the way. The composite index put on 5.99 at 960.60.

Samsung ended Won9,000 up at its upper limit for the day of Won159,500 after local newspaper reports said the company had won a $65bn contract with six of the world's largest computer companies to supply semiconductors over the next five years. Samsung later confirmed that it had landed a long term contract with the companies, but said it could not reveal details.

Other technology-related stocks rose. LG Electronics gained Won700 at Won29,300 in heavy trading, and Trigem Computer closed on its upper limit of Won23,100, up Won1,300.

TAIPEI was lifted by late buying of financials, but brokers pegged the gains to a technical rebound and said sentiment continued to be cautious after the ruling Nationalist party's narrow win in last Saturday's parliamentary elections.

The weighted index moved up 25.71 to 4,748.64, but turnover remained light.

SYDNEY barely moved in dull trade. The All Ordinaries index eased 0.4 point to 2,198.2 after being hemmed in a seven-point range.

BANGKOK was slightly lower in moderate trade after local retail investors sold stocks on profit-taking.

The SET index shed 5.97 to 1,269.66 in turnover of Bt8.2bn. Declines led gains by 196 to 119, with 97 issues unchanged.

BOMBAY saw the re-emergence of demand from domestic and foreign funds which took the BSE-30 index up 62.27 or 2 per cent to 3,132.19.

KARACHI receded 1.8 per cent but analysts predicted sharp rises in prices next week after incentives, announced late yesterday, to stimulate the market. The KSE-100 index fell 25.69 to 1,402.88.

WELLINGTON saw weakness in the forestry sector and a lower profits forecast by The Warehouse lead the market into negative territory.

The NZSE-40 index finished 15.01 off at 2,116.30 in turnover of NZ$52m.

The Warehouse declined 21 cents to NZ$3.90 after reporting a flat first half and forecasting full year profits of NZ$34m against analysts' expectations of around NZ$50m.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by The Financial Times and Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY DECEMBER 6 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY DECEMBER 5 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (82)	188.57	0.1	181.50	120.92	141.49	169.50	-0.2	3.69	188.34	181.25	120.75	140.64	169.62	191.01	157.95	168.84
Austria (27)	171.21	-1.2	164.79	109.78	128.46	128.38	-0.7	1.62	173.25	166.73	111.06	129.37	129.30	199.28	167.48	179.09
Belgium (35)	199.91	-0.9	192.41	128.18	149.99	146.37	-0.2	3.57	201.64	194.05	129.27	150.57	146.69	201.64	164.78	168.20
Brazil (28)	139.22	-0.1	134.00	89.27	104.46	247.63	-0.1	1.70	139.35	134.11	89.34	104.06	247.84	180.75	86.06	170.14
Canada (101)	149.22	0.7	143.62	95.68	111.96	147.55	0.5	2.52	148.19	142.61	95.01	110.66	146.76	150.83	121.81	127.82
Denmark (33)	286.13	-0.1	275.39	183.47	214.68	217.43	0.4	1.50	286.41	275.63	183.62	213.87	216.63	295.99	236.61	241.33
Finland (25)	213.07	-0.6	205.07	136.62	159.86	192.62	0.0	1.66	214.31	206.24	137.40	160.03	192.62	276.11	171.13	180.72
France (100)	173.89	0.8	167.37	111.50	130.47	135.57	1.0	3.24	172.46	165.97	110.57	128.78	134.24	191.17	157.79	168.06
Germany (59)	161.86	-0.2	155.79	103.79	121.45	121.45	0.2	1.98	162.26	156.15	104.03	121.16	121.16	167.74	135.39	137.61
Hong Kong (56)	379.49	-0.8	365.26	243.34	284.74	376.88	-0.8	3.89	382.65	368.25	245.33	285.74	380.05	389.39	277.40	332.89
Ireland (16)	257.48	0.2	247.82	165.10	193.19	227.73	0.3	3.35	257.05	247.37	164.80	191.95	227.13	260.87	195.34	196.16
Italy (59)	68.43	1.8	65.86	43.88	51.34	81.49	1.6	1.79	67.22	64.69	43.10	50.20	80.18	82.71	65.45	72.24
Japan (483)	150.80	0.6	145.15	96.70	113.15	96.70	0.6	0.79	149.90	144.26	96.11	111.94	96.11	164.82	136.95	154.30
Malaysia (108)	485.59	0.6	467.38	311.37	364.35	474.97	0.5	1.73	482.81	464.64	309.54	360.53	472.40	581.96	398.16	467.25
Mexico (18)	997.70	0.2	960.28	639.74	748.57	8366.70	0.3	1.66	995.70	958.21	638.36	743.50	8344.51	2082.03	647.81	2056.59
Netherland (19)	266.43	-0.1	256.44	170.84	199.91	196.69	0.5	3.32	266.70	256.66	170.99	199.16	196.68	268.70	207.60	210.14
New Zealand (14)	77.76	-0.8	74.84	49.86	58.34	63.78	-0.9	4.55	78.40	75.45	50.27	58.56	64.36	85.49	69.56	71.55
Norway (33)	226.50	0.6	218.00	145.23	169.94	195.43	1.0	2.14	225.26	216.78	144.42	168.21	193.53	243.79	198.73	202.95
Singapore (44)	389.59	-0.1	374.98	249.81	292.31	253.82	0.0	1.60	389.97	375.29	250.02	291.21	253.84	414.26	313.94	382.76
South Africa (45)	382.55	2.1	368.20	245.29	287.02	306.55	2.2	3.89	374.50	360.39	240.10	279.64	299.93	382.55	261.06	321.06
Spain (38)	158.77	-0.4	152.82	101.81	119.13	148.07	0.0	3.87	159.35	153.35	102.16	118.99	148.07	180.51	124.10	140.67
Sweden (47)	317.44	0.1	305.54	203.55	238.18	308.40	0.3	1.95	317.12	305.18	203.31	236.80	307.58	321.99	225.80	230.31
Switzerland (40)	229.80	-0.1	221.18	147.35	172.42	166.51	0.1	1.60	229.93	221.27	147.41	171.69	166.28	230.31	158.36	160.24
Thailand (46)	166.06	1.9	159.83	106.48	124.60	162.06	2.0	2.51	162.91	156.78	104.44	121.65	158.92	184.55	130.15	158.28
United Kingdom (206)	226.83	-0.1	218.33	145.45	170.20	218.33	-0.1	4.01	227.02	218.47	145.55	169.52	218.47	228.33	187.07	191.29
USA (639)	253.22	0.3	243.72	162.37	189.99	253.22	0.3	2.21	252.45	242.95	161.85	188.51	252.45	253.22	182.33	185.38
Americas (786)	230.69	0.3	222.04	147.92	173.09	193.80	0.3	2.21	229.97	221.31	147.44	171.72	193.30	230.69	170.66	173.32
Europe (737)	196.87	0.1	189.49	126.24	147.71	168.04	0.3	3.03	196.75	189.35	126.14	146.92	167.59	199.02	163.04	165.44
Nordic (138)	282.56	0.0	271.96	181.18	212.00	238.37	0.3	1.85	282.52	271.88	181.13	210.96	237.61	295.02	215.79	220.19
Pacific Basin (832)	161.17	0.5	155.13	103.34	120.93	107.17	0.5	1.22	160.41	154.37	102.84	119.78	106.67	171.87	145.83	161.81
Euro-Pacific (1569)	175.94	0.3	169.34	112.82	132.01	130.23	0.4	2.07	175.45	168.84	112.49	131.01	128.74	178.33	154.73	163.65
North America (740)	246.60	0.3	237.54	158.25	185.17	246.15	0.3	2.22	246.02	236.75	157.72	183.70	245.38	246.80	178.86	181.81
Europe Ex. UK (531)	176.45	0.1	169.83	113.14	132.39	140.76	0.5	2.47	176.21	169.57	112.97	131.58	140.11	179.46	146.45	149.39
Pacific Ex. Japan (349)	260.52	-0.1	250.76	167.05	195.48	230.01	-0.2	3.22	260.91	250.99	167.21	194.76	230.48	289.72	211.19	236.82
World Ex. US (1761)	177.03	0.3	170.39	113.52	132.83	134.05	0.4	2.11	176.46	169.82	113.13	131.77	133.50	178.73	155.42	165.44
World Ex. UK (2194)	197.89	0.4	190.47	126.89	148.48	163.43	0.4	1.97	197.19	189.76	126.42	147.24	162.75	197.89	163.48	169.07
World Ex. Japan (1917)	228.28	0.2	219.72	146.38	171.28	214.06	0.3	2.58	227.76	219.19	146.02	170.07	213.44	228.28	178.95	181.87
The World Index (2400)	200.45	0.3	192.93	128.53	150.39	168.30	0.4	2.15	199.81	192.29	128.10	149.20	167.68	200.45	165.92	171.04

Latest prices were unavailable for this edition. Markets closed 6/12/95 Finland and Spain.

هكذا من الأصل